



Daily Report

Continued

Daily Report

China

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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General

Envoy Asks Human Rights Commission To Follow UN Charter

OW2502021994 Beijing XINHUA in English 0203
GMT 25 Feb 94

[Text] Geneva, February 24 (XINHUA)—A Chinese representative to the UN Human Rights Commission said today that the organization should strictly follow the UN charter if it truly wants to help realize human rights and basic human freedom.

Zhang Yishan, vice-representative of China to the commission, said that the reason why so many countries have called for rationalizing the commission's work is that it has deviated from the UN charter's purpose and principles in many cases.

Such deviations are not good for the promotion of international cooperation in human rights and the general realization of human rights and basic human freedom, he said. China supports such calls for rationalization, he added.

He said it is imperative to eliminate such malpractices and abnormalities such as politicizing human rights issues, employing double standards toward other countries, and using human rights issues as pretexts for interfering in other nations' internal affairs.

He said that some countries are extremely self-important and relentless in attacking others for human rights violations while still claiming that they are following the international standards of human rights.

He noted that the practice of exerting pressure on some nations by adopting resolutions is absurd and will not truly help improve their human rights records.

He pointed out that for some countries, it seems to be their god-given right to accuse others of human rights violations except themselves.

He said that this is both anachronistic and unhelpful for the efforts to truly promote human rights.

He also asked the commission to fully discuss the issues that concern the developing countries most.

He said one of the few achievements of the commission last year is that it recognized the indivisibility of all kinds of human rights, including the right to development and the right to have different economic, culture and social systems.

'News Analysis' Views Russia's Involvement in Bosnia

HK2502103494 Beijing RENMIN RIBAO in Chinese
24 Feb 94 p 6

["News Analysis" by Lu Yansong (0712 1484 2646): "Russia Takes Active Part in Mediation in Bosnia Conflict"]

[Text] In the early morning of 21 February, NATO announced that it would temporarily stop the execution of its planned air strikes against Serb positions around Sarajevo. A tense situation that lasted more than 10 days was eventually mitigated, and people might be able to relax a little. Public opinion holds that Russia played an important role in settling the Sarajevo crisis.

On 9 February, NATO issued an ultimatum demanding that the Bosnian Serbs withdraw their heavy weapons from areas around Sarajevo before the deadline; otherwise, NATO would launch air strikes against their positions. After NATO issued the ultimatum, Russia reacted rapidly. Foreign Minister Kozyrev sent a letter to UN Secretary General Butrus-Ghali, explicitly expressing Russia's opposition to the NATO action. Then, Russia carried out a series of diplomatic activities, and reiterated again and again its position on peacefully settling the conflict in Bosnia and Herzegovina within the ambit of the United Nations. On 15 February, Russian President Yeltsin pointed out after meeting with British Prime Minister Major that Russia must not be excluded from the process of settling the conflict in Bosnia-Herzegovina. On 16 February, Russian Vice Foreign Minister Churkin, as the Russian president's special envoy, flew to Belgrade and continued to influence the Serb leaders and conveyed to them President Yeltsin's new proposal on settling the Bosnia crisis. The proposal not only satisfied the requirements of the NATO ultimatum, but also gave a sense of security to the Serbs and was acceptable to them. Russia's mediation broke the impasse between the Serbs and NATO. On 17 February, Bosnian Serb leader Karadzic announced that they had accepted Russia's new proposals on settling the crisis, and had begun to withdraw their heavy weaponry in large quantities from positions around Sarajevo. At the same time, Russia dispatched 400 troops stationed in Croatia to Sarajevo to participate in the peacekeeping mission and to help supervise the Serb withdrawal. On 20 February, President Yeltsin and President Clinton reached an agreement in principle in a telephone conversation, thus avoiding imminent air strikes.

Public opinion held that Russia opposed air strikes against the Bosnian Serbs and played an active mediating role in the Bosnia conflicts mainly due to the following considerations. First, Russia held that the conflict in Bosnia-Herzegovina could only be solved by political means, and air strikes would only intensify the military conflict and damage the Bosnian peace process. Second, air strikes would be NATO's first military action outside its defensive sphere since its founding. As the

new European pattern has not yet taken form since the end of the Cold War, Russia held that this event would be extremely unfavorable to itself in strategic terms. Third, in history, Russia has had its own interests in the Balkan Peninsula. Russians and the Serbs are both Slavs, and both hold the religious beliefs of the Eastern Orthodox Church. The two nations have traditionally had close ties. If Russia sat idly by and did not care about the Serbs mired in a predicament, its influence in the Balkan Peninsula would be greatly weakened.

In the last two years, Russia has always tried to coordinate its position with the Western countries in the course of approaching problems in former Yugoslavia, and has sometimes even made concessions. In May last year, the "Russian program" for settling the conflict in Bosnia-Herzegovina was turned into a "five-nation program" of Russia, the United States, Britain, France, and Spain through consultations and compromises. This was clear evidence of Russia's position. However, this time, Russia resolutely opposed NATO's planned air strikes. The foreign press held that this reflected Russia's new diplomatic tendency.

After NATO set aside its air-strike plan, the Sarajevo crisis has temporarily eased, but the overall situation in Bosnia-Herzegovina remains extremely serious. However, people have noticed that Russia and the United States have been more deeply involved in mediating efforts, and Western European countries such as Britain and France had also adjusted their own policies to various degrees in the hope that Russia and the United States would exert their influence on the Serbs and Muslims. Therefore, it seems that a new ray of hope for the prospect of a peaceful settlement of the Bosnia-Herzegovina problem has appeared in people's minds after the end of the Sarajevo crisis.

Bosnian Serbs Accuse West of Playing Power Politics

OW2502023694 Beijing XINHUA in English 0218 GMT 25 Feb 94

[Text] Belgrade, February 24 (XINHUA)—Bosnian Serb military leader Ratko Mladic today accused the west of playing power politics against the Serbs by demanding the opening of Tuzla airport.

The commander of Bosnian Serb armed forces described this demand as an attempt to deprive the Serbs of their right to self-defense.

He told the "Krajina soliders" monthly that Western countries want the use of Tuzla airport because they intend to provide the Bosnian Muslims with large supplies of weapons, ammunition, and mercenary troops.

At the same time, the military leader said, Serbs are banned from transporting the wounded, the elderly, and pregnant women.

He pointed out that as a matter of fact, the west does not need the use of the airport because they are daily shipping in everything the Muslims need over land routes.

The West's demand that the Tuzla airport be opened is meant to put pressure on the Serbs, he added.

The Tuzla airport opening can be put on the agenda only when the opening of a Serbian airport is also discussed, he stressed.

Mladic views the West as trying to shape the world only in ways that comply with their own interests, saying "they have torn apart (the former) Yugoslavia, and have been taking every repressive measure against the resistance of our people."

On the Sarajevo crisis, the military commander emphasized that the North Atlantic Treaty Organization had no right to issue the ultimatum against the Serbs, who have not launched war against anybody.

He criticized Western countries for authorizing themselves to decide which country can survive and how long it can live.

Mladic said Serbs will defend themselves if attacked even though their heavy weapons are under United Nations control.

Kazakhstan, U.S. To Strengthen Military Ties

OW2502033994 Beijing XINHUA in English 0249 GMT 25 Feb 94

[Text] Almaty, February 24 (XINHUA)—The Kazakhstan-U.S. "partnership for democracy" charter states that if Kazakhstan suffers threats to its territorial integrity, political independence, or national security, the United States will step in to assist in solving the problem.

The charter also says the two countries will solve all problems peacefully by adopting measures that are in keeping with international law and the principles of the "partnership for peace" plan of the conference on security and cooperation in Europe and NATO.

If Kazakhstan is threatened by invasion or nuclear weapons, the United States is obliged to appeal to the UN Security Council for emergency measures to provide aid for Kazakhstan.

The charter also provides for regular talks between Kazakhstan and the United States on security, cooperation in defense, and increased military exchanges. The United States will also assist in Kazakhstan's military training.

The charter, signed during Kazakh President Nursultan Nazarbayev's visit to the United States February 13-17, symbolizes an important step for the two countries toward establishing a strategic partnership.

Think Tank Advises U.S. To Avoid Confrontation With DPRK

OW2502001994 Beijing XINHUA in English 2340
GMT 24 Feb 94

[Text] Washington, February 24 (XINHUA)—The United States should avoid military confrontation with the Democratic People's Republic of Korea (DPRK), a U.S. congressionally funded think tank said here today.

"A negotiating strategy is the most effective approach to mobilizing U.S. and allied strengths in dealing with Pyongyang," the United States institute of peace said in a report released today.

The institute, comprised of former senior U.S. officials, suggested that at the current time diplomacy represented the best option for handling the DPRK nuclear issue.

The DPRK has accepted the inspection activities requested by the International Atomic Energy Agency (IAEA) in its seven nuclear facilities.

The DPRK said early inspections by the IAEA depends on whether the United States carries its commitment made earlier, that is, the U.S. should cancel its annual military exercise with South Korea and issue a joint decision with the DPRK on the timing of the third round of meetings.

Members of the institute said they believe the DPRK's success in assembling a nuclear weapon had been overblown.

The think tank advised the Clinton administration to name a senior coordinator to act as the focal point for all dealings related to negotiations with the DPRK.

Jiang Zemin Receives Credentials of Four Envoys

OW2502104694 Beijing XINHUA in English 0954
GMT 25 Feb 94

[Text] Beijing, February 25 (XINHUA)—Chinese President Jiang Zemin received credentials presented by four new ambassadors to China at the Great Hall of the People here this afternoon.

The ambassadors are: Angolan Ambassador to China Manuel Bernardo de Sousa, Cote d'Ivoire ambassador to China Anoh Koffi Patrice, Iranian Ambassador to China Seyyed Hoseyn Mir Fakhr and Thai ambassador to China Sawanit Kongsiri.

UNDP Regional Cooperation Meeting Ends

OW2502112994 Beijing XINHUA in English 1121
GMT 25 Feb 94

[Text] Haikou, February 25 (XINHUA)—A two-day meeting on regional cooperation in macro-economic management for sustainable development closed here today.

The meeting was jointly sponsored by the Asia-Pacific Department of the United Nations Development Program (UNDP) and the Hainan-based China Reform and Development Institute (CRDI).

Sebastain Zacharia, head of the the Asia-Pacific Department of the UNDP, and representatives from nine Asian-Pacific countries, including India, Indonesia, Mongolia, Vietnam, Pakistan, Thailand, the Philippines, the Republic of Korea and China, attended the meeting.

Gao Shangjin, president of the institute, spoke today on China's transformation from a planned economy to a socialist market economy.

Regional cooperation is one of the UNDP projects, aimed at establishing a multi-national research network to study the issues of macro-economic management for sustainable development, and the reform and management of the transitional economy.

The strategic goal of the project is to promote the relevant research, personnel training and information exchange, and to provide aid to the countries involved.

It also enables the research institutes of the countries involved to give advice on policy-making to their governments.

The main activities of the network include top-level seminars on policy-making, special discussions, short-term training for researchers and management personnel, and building of various data bases for information transmission.

The Development Institute of the Republic of Korea and the CRDI were designated by the UNDP as the executives of the cooperative project.

Central Leaders Receive Many Foreign Officials Before NPC

OW2402141294 Beijing XINHUA in English 1138
GMT 24 Feb 94

["Roundup"]

[Text] Beijing, February 24 (XINHUA)—The current visit of French Senate President Rene Monory to Beijing is seen as a good demonstration of China's busy parliamentary diplomacy in the past year.

Monory, the highest French leader to visit China since the normalization of Sino-French relations last month, is the 24th foreign parliamentary leader which the National People's Congress (NPC), the Chinese version of parliament, has received since last March, when the Eighth NPC Standing Committee was formed.

Also touring China at present are the Italian Senate President, the chairman of the Turkmenistan Grand National Assembly and the chairman of the Vietnamese National Assembly.

It is rare for so many foreign parliamentary leaders to converge on China at a time just before the NPC annual session.

Involved in the policy of expanding influence and making friends, the NPC Standing Committee has carried out considerable contacts and exchanges with its foreign counterparts, which have led to its busy diplomacy, said Yin Zuojin, an official of the NPC General Office in Charge of Foreign Affairs.

In the past year, the standing committee sent out 17 delegations to visit 27 countries and regions and attend seven international conferences, while receiving 37 groups from foreign parliaments, including 24 headed by parliamentary speakers or chairmen.

According to Yin, the number of delegations—sent out and received—is larger than any previous year.

Observers here said that 1993 saw the congress's diplomacy with four characteristics.

First, as a part of the country's diplomacy, the congress paid much attention to strengthening relations with parliaments of neighbouring countries.

NPC Chairman Qiao Shi's visit last July to the five Southeast Asian countries marks the first trip there by a Chinese NPC chairman. Meanwhile, other senior NPC leaders toured the Democratic People's Republic of Korea and the Republic of Korea, five countries in middle Asia and Japan.

Parliamentary leaders from Russia, Japan, Thailand, the Philippines, India, the Republic of Korea and other neighbouring countries came to China at the same time.

Second, the congress exerted more efforts to increase its contacts with parliaments of Western countries.

In January, 1994, Qiao Shi became the first Chinese NPC chairman to make a trip to Germany, Switzerland and Austria. Other NPC delegations' visits to Sweden, Norway and Denmark, restored China's association with these countries' parliaments.

In the past year, the NPC received five delegations from the U.S. Congress, more than it did in any previous year.

Last year also found the speaker of the European Parliament, the delegation of 19 members from nine countries of the European Parliament and a delegation of the French National Assembly as well as parliament delegations from eastern European countries treated as guests in China.

Increasing exchanges with parliaments in the Third World countries was another feature of the NPC's diplomacy in 1993.

The NPC's delegations visited Mexico, Cyprus, Syria, Egypt and other Third World countries, including Paraguay, which has no formal diplomatic ties with China.

The congress was also active in taking part in multilateral diplomacy, with several delegations attending various international conferences.

Yin pointed out that the parliamentary diplomacy not only built closer relations between China's national congress and foreign parliaments and promoted friendship and cooperation, but also provided foreign experiences for China to learn in its economic construction and legislation.

He expected that with further reform and opening-up, the congress's diplomacy will gain even stronger momentum in future.

United States & Canada

Li Peng Says Beijing To Protect Foreign Investors' Rights

OW2502110194 Beijing XINHUA in English 1048
GMT 25 Feb 94

[Text] Beijing, February 25 (XINHUA)—Chinese Premier Li Peng said here today that China will adopt a series of laws and regulations to protect the legal rights of foreign investors.

He made the remark when meeting with John Mike, president of the U.S. firm Morgan Stanley, and his party.

Li said that with the development of the economy, China's requirement in such fields as oil, electricity, transportation and communication will be growing, adding that his country welcomes foreign businessmen to invest in these infrastructure projects.

He noted that China will pool more construction funds through securities markets as well as continuing to make use of capital from the international financial institutions, government loans, export loans and commercial loans.

Morgan Stanley, which was founded in 1935, is one of the world's biggest firms managing global securities and investment.

During the meeting, Li said that China is willing to set up and strengthen relations with strong, world-renowned companies which have a good name, hoping that Morgan Stanley will play a more important role to this end.

China's investment environment is getting better and a series of laws and regulations will be passed to protect the legal rights of foreign investors, he said.

John Mike, briefing Li on the management of Morgan Stanley, said that his company attaches major importance to the markets in China's mainland and Hong Kong.

He added that Hong Kong's development depends on China's mainland while Hong Kong acts as a bridge of cooperation with the Chinese Mainland for Morgan Stanley.

He said that Morgan Stanley, with experience in pooling funds for large construction projects, is willing to contribute to the construction of China's Three Gorges project and other infrastructure factors.

Shi Dazhen, Chinese minister of electricity, and Liu Hongru, president of China's State Securities Supervision Committee, took part in the meeting.

Daily Views U.S. Attitudes on Sales of Prison Goods

HK2502083694 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 25 Feb 94 p 6

[By Zhong Yan (6988 1693): "Setting a Fire and Lighting a Lamp"]

[Text] On 9 February, the U.S. CHRISTIAN SCIENCE MONITOR carried an article entitled "U.S. Exports of Prison Goods." The article says: "Just when the Clinton administration continues to criticize China for exporting prison goods to the United States, California and Oregon are stepping up efforts to export their prison-made clothing to Asia." The article specifically exposed the following fact: "Oregon will export \$3 million worth of prison-made jeans and shirts this year to Japan, Italy, and other countries," "while California has sent selling offers to Japan and Malaysia."

The U.S. export of prison-made products is no longer news. What merits people's attention is that although the U.S. export of prison goods is an open secret, some people in the United States do not feel ashamed of it. They continue to castigate others on the issue while posing themselves as persons of high morals. This cannot help but arouse dissatisfaction from many people, including some honest Americans. The article in THE CHRISTIAN SCIENCE MONITOR precisely represents the sentiments of these honest people.

Some people in the United States, however, put a label on China for the so-called export of prison goods and the alleged "violation of human rights." Why, then, does the United States not violate human rights by exporting its prison goods? China has issued explicit orders and taken practical measures to ban exports of such goods, and why has the United States continued sending its selling offers to market and export prison goods everywhere? These people have made irresponsible criticisms of China for compelling prison inmates to work and "produce export goods without pay." Perhaps this is the reason why prison goods exported by the United States are different from those exported by other countries. However, the article in THE CHRISTIAN SCIENCE MONITOR points out: "In California prison workshops prisoners are forced to work like slaves. If they do not work, they are at risk of losing some preferential treatments and

serving longer sentences." "The U.S. authorities exploit prisoners." "The net pay of prison inmates is much lower than the official minimum wage. California's prisoners sewing shirts receive \$0.35 an hour. Although Oregon prisons pay inmates \$6 to \$8 an hour, they take back 80 percent as charges of board and lodging."

There is no wonder that the article quoted some Americans as saying: "The U.S. Administration often criticizes other countries for infringing upon human rights, but it turns a blind eye to the domestic phenomena of human rights violations." Some people even said indignantly: "The practice of two different kinds of policies on prison goods may smack of old-fashioned imperialism." It seems unnecessary to say anything else as the foregoing is clear enough, but this writer cannot help thinking of an ancient Chinese saying that reads: "The magistrate is free to burn down houses while the common people are forbidden even to light lamps." This indicates that the magistrate's tyranny has developed to such a point that his policies "may" not just "smack of" something.

Committee Urges Continuation of MFN Trade Status

OW2502080294 Beijing XINHUA in English 0742 GMT 25 Feb 94

[Text] Washington, February 24 (XINHUA)—The Emergency Committee for American Trade (ECAT) today urged the U.S. Government and Congress to continue to extend the most-favored nation (MFN) trade status for China.

Kenneth Williams, vice-president of McDonnell Douglas Aircraft Company (MD), made the statement while testifying on behalf of the ECAT at a hearing of the subcommittee on trade of the U.S. House Ways and Means Committee beginning this afternoon.

He also said that all the 60 ECAT members "strongly support the continuation of MFN trade status for China, which is a requisite for U.S. participation in the explosive growth in China's economy."

Williams said that MD and the rest ECAT members are large U.S. firms with substantial overseas operations, which are among the country's largest exporters and employers. Worldwide annual sales of ECAT members are nearly one trillion U.S. dollars and ECAT members employ about five million workers, he said.

"Increasing numbers of ECAT member companies are establishing business relations in China. It is a market of huge potential and prospective huge benefits for U.S. firms and workers," he said.

He urged the Clinton administration and the U.S. Congress to review the Jackson-Vanik Amendment enacted 20 years ago as part of the trade pact of 1974, which links trade with human rights in socialist countries.

"For several years ECAT has recommended in testimony to Congress that the Jackson-Vanik Amendment be reviewed for the purpose of either eliminating it altogether or amending it to provide authority for long-term extensions of MFN trade status for periods of up to five years," he said. "Annual reviews of MFN create uncertainty for prospective investors."

"Annual debates over MFN for China are increasingly contentious and pose serious long-term risks for American investors," he stressed.

After recalling MD's cooperation with China, Williams said that "the withdrawal of MFN for China would fundamentally alter the U.S. economic and political position in China. There would be very substantial diminution in bilateral trade and in existing and future U.S. investments in China."

He said American businesses "need the cooperation of our government" in meeting and beating global economic challenges."

"Denying us the opportunity to play a meaningful role in competing for the enormous business opportunities in China will very much redound to the disadvantage of the United States," he said.

President Clinton Proposes Reform of Export Controls

OW2402234694 Beijing XINHUA in English 2316 GMT 24 Feb 94

[Text] Washington, February 24 (XINHUA)—The Clinton administration sent to Congress here today a legislation to reform the country's export administration act of 1979, which imposed "inefficient and obsolete" control of Cold War era on exports.

The renewed Export Administration Act, according to Commerce Secretary Ron Brown, represented a "very, very important effort" and was "the first comprehensive effort to reform export control licensing in 15 years."

"The legislation strikes the critical balance that is much needed between (nuclear) nonproliferation concerns and economic interests in our export control regime," Brown told a press conference.

Among the regulatory changes, officials disclosed, are to decontrol computers to most Western countries up to 1,000 million theoretical operations per second (mtops), which include most of the desktop office machines.

For the countries which U.S. said it has nuclear proliferation concerns, the decontrol was moved up to 500 mtops, and for the few countries facing U.S. trade embargo, the decontrol of computers will be allowed to 260 mtops.

Last September, as part of the national export strategy, the Multi-agency Trade Promotion Coordinating Committee (TPCC) agreed to a substantial increase from the

computers at the level of 12.5 mtops, which is an old Apple Macintosh computer.

The new regulation for supercomputers was also raised from 195 mtops, to 1,500 mtops. "This is part of the effort to get rid of obsolete Cold War controls that had no effect on proliferation," said Barry Carter, undersecretary of commerce for export administration.

The computer decontrol announced last September is expected to generate 30 billion U.S. dollars of exports a year for the U.S. Trade in computer and telecommunications sources said.

The administration officials, meanwhile, stressed that "we're halfway to home now," saying that they are going to consult with congress and the business community for "even more constructive changes."

In the new legislation, the administration stressed to use multilateral efforts in export control, improve the U.S. ability to prevent nuclear proliferation, and streamline export control system.

The proposed act, which is a combined effort of the commerce department, the defense department and the state department, also stressed to harmonize U.S. sanction laws against the countries with missiles and missile parts, chemical and biological weapons.

Pro-Beijing Column on Russo-U.S. Ties After Ames Case

HK2502100894 Hong Kong TA KUNG PAO in Chinese 25 Feb 94 p 3

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Espionage Case Pushes Russo-American Relations to Low Ebb"]

[Text] A Stab in Clinton's Back

A senior CIA agent, Aldrich Ames, and his wife Maria have been uncovered as Russian spies. This incident has caused a great uproar in the U.S. Government and among the public. In particular, the U.S. Congress sternly criticized Yeltsin, who is relying on U.S. political and economic support, for his hypocrisy and maliciousness in stabbing Clinton in the back. Secretary of State Christopher gave a serious warning, saying that this kind of practice was unacceptable. All of a sudden, apart from the discord sown by the Bosnia question, Russo-American relations have once again turned to a low ebb because of the Russian spy case. Now, what must be seen is whether or not the United States will accept Congress' view and take retaliatory action? How will they retaliate? What impact will the retaliation have?

The Russian Government was embarrassed by the revelation, but, at the same time, it openly admitted the issue and stressed that this was an ordinary matter which should not be overstated. Russia also hit back at the United States by saying that U.S. espionage against Russia has never stopped, but is as intense as during the

Cold War era. Hence, Russia urged the United States not to exaggerate the case as if it was a political incident and not to "revert to the psychology of the Cold War, since making use of the espionage issue to vigorously stir up trouble is against the spirit of international partnership." (Yeltsin's press secretary Kostikov)

Ames, the arrested Russian spy inside the CIA, started working in the CIA in 1983 [date as published] and was the CIA's counter-narcotics section chief. Since 1985, from the time of the former Soviet Union until recently, including the period when the Soviet Union dissolved and Yeltsin assumed office, Ames had been passing secret information on U.S. espionage activities against the former Soviet Union and Russia and received \$1.5 million from the former Soviet Union and his Russian contacts.

Movie-Like Trick Used To Pass Information

Two years ago, the FBI started a secret investigation into Ames' suspicious activities and discovered that, when Ames had gone secretly to Venezuela and Columbia in South America on counter-narcotics investigations, he had seized the opportunity to contact intelligence agents of the former Soviet Union and Russia. Ames also marked a post box in suburban Washington and dropped pieces of information so that other Russian spies could secretly find them by following the clue. The trick was like something from the movies.

The Clinton administration was shamed into anger after the case was revealed. Apart from lodging a formal protest with Russia, the U.S. Government also asked a Russian diplomat at the Russian Embassy in the United States, who was known to be directing Ames' activities, to voluntarily leave the country.

Difficult To Build Relations of Mutual Trust

Of those people whose identities as U.S. agents were betrayed by Ames to the former Soviet Union and Russia, 10 were executed. In this connection, the United States considered it intolerable and suggested that retaliatory action ought to be taken.

This incident has been revealed at a time when the Cold War has ended and when the two former enemies of the United States and Russia have become allies. The KGB of the former Soviet Union has ceased all of its activities and the CIA no longer considers Russia as its biggest prospective enemy. However, the Russian spy case has precisely emerged at a time when the two countries are jointly greeting the 21st century, and both sides feel that it is difficult to explain away this case to their peoples and to the world.

(Stiaposen), first deputy chief of the "Russia Federal Counterintelligence Bureau," said at a press conference in Moscow as early as last month that, although the Cold War had ended, foreign espionage in Russia had never abated. In particular, U.S. and British intelligence agents have been capitalizing on Russia's economic difficulties

to recruit a large number of Russians, including officials, to gather information for the United States and Europe. Over the past year, a total of 20 Russians recruited by the CIA have been arrested. He said that Yeltsin was aware of these cases.

The United States and Western Europe were displeased with Russia's announcement that it was to interfere and send troops to Bosnia-Herzegovina. Now, the Russian spy case will make it more difficult for the United States and Russia to build relations of mutual trust.

Russia's Kozyrev Says Scandal 'Should Not Be Politicized'

OW2502025494 Beijing XINHUA in English 0237
GMT 25 Feb 94

[Text] Moscow, February 24 (XINHUA)—Russian Foreign Minister Andrey Kozyrev said today that the case of a former U.S. Central Intelligence Agency (CIA) officer should not be politicized and highlighted as a major issue in relations between the two countries.

Kozyrev spoke during an interview with the ITAR-TASS news agency, commenting on the arrest of Aldrich Ames and his wife who are accused of spying for Russia and the former Soviet Union for nine years.

The case should be left to the decision of relevant special agencies, the foreign minister said.

He expressed regret over the incident, but added that such cases occur all the times between countries, even between member states of the North Atlantic Treaty Organization, and between the United States and Israel.

He stressed that the partnership between Russia and the United States has reached a high level and will not be affected by such a spy case.

He hoped that the American couple's case would not be related to President Boris Yeltsin's latest initiative for settling the Bosnian crisis.

It is inadvisable to turn the case into a political and ideological scandal, he said.

It has also been reported that the CIA will soon send a delegation to Moscow to work out a solution to the issue with the Russian Intelligence Agency.

Ames, chief of the Soviet branch of the CIA's Counterintelligence Group during 1983-1985, allegedly sold information about CIA operations and personnel for more than 1.5 million U.S. dollars.

The Clinton administration lodged a strong protest over the case and warned that Russian diplomats involved in the case would be punished.

RENMIN RIBAO Views U.S. Adjustment of Bosnia Policy

*HK2502102194 Beijing RENMIN RIBAO in Chinese
23 Feb 94 p 6*

["News Analysis" by staff reporter Bao Shishao (7637 1102 4801): "United States Readjusts Its Bosnia-Herzegovina Policy"]

[Text] Washington, 19 Feb (RENMIN RIBAO)—On the eve of the deadline set by the ultimatum the NATO served on the Bosnian Serbs, U.S. President Clinton gave a nationwide televised speech on 19 February, elaborating U.S. interests in and its policy on the Bosnia-Herzegovina conflict.

U.S. policy toward Bosnia-Herzegovina experienced a major change over the past two weeks. Originally the United States objected to any attempt to exert pressure on the Moslem "victims," maintaining that the arms embargo on the Bosnian Moslems should be lifted. But now the United States has changed its mind, asking the Moslems to give up armed resistance and accept the offer to open negotiations in pursuit of a solution to the dispute. It was originally opposed to the peace plan based on a partition between the Serbs and Moslems in Bosnia-Herzegovina, but now it has begun to persuade the Moslems to accept the partition plan. Originally the United States had always maintained a hard line against the Bosnian Serbs and stressed the need for sanctions and military action against them, but now it has suggested that the United Nations lift step by step the economic sanctions against the Serbs.

After the NATO summit, especially after the tragedy caused by the bombing of civilians in Sarajevo on 5 February, the settlement of the Bosnia-Herzegovina conflict has become a more and more pressing need. The further extension of the Bosnia-Herzegovina war will inevitably impaired NATO's reputation to an extreme extent, and will be unfavorable to the efforts to consolidate relations between the United States and its European allies as well. So U.S. policymakers have begun to consider a readjustment of their Bosnia-Herzegovina policy. They have changed some hardline measures that used to be practiced in the past, and started playing a more active part in seeking a solution to the issue. Clinton's speech serves as a concrete indication of this change, and it has also clearly defined the orientation of the updated U.S. policy toward Bosnia-Herzegovina.

First of all, in his speech Clinton stressed that the United States, as the only existing superpower, cannot give up its leadership over global affairs, and its involvement in the settlement of the Bosnia-Herzegovina conflict is in line with U.S. interests. The U.S. policy toward Bosnia-Herzegovina has undergone several stages since Clinton assumed office at the White House last year. At first, the United States proposed lifting the arms embargo on the Moslem armed forces, which was vetoed by European countries. After that, the United States sent airplanes on the mission aimed at ensuring the delivery of relief

supplies to the people in distress. Later on, it advocated an air raid operation against the Serb armed forces, which was given up, again because of British and French opposition. For quite a while, the stance taken by the United States had made an impression on Europe that it was looking on at others' trouble with indifference. Now that the situation in Bosnia-Herzegovina is further deteriorating and Britain and France have shown a greater flexibility on the air raid proposal, the United States will lose its leadership over the NATO if it still keeps looking on at the conflict with indifference. Under such circumstances, the United States needs to readjust its Bosnia-Herzegovina policy.

Second, the United States, while wanting to retain its leadership over global affairs, does not want to be involved too deeply in the conflict in Europe. In his speech Clinton stressed that Europe "must assume the major responsibility" for settlement of the Bosnia-Herzegovina conflict. The protracted Cold War has very much worn out the United States. Nowadays it can no longer meddle or directly play a part in regional conflicts wherever it wants to as it once did. Therefore, more and more Americans maintain that they should first deal with domestic problems. And this tendency has been highlighted in the Clinton administration's Bosnia-Herzegovina policy. The United States will take a more cautious attitude toward direct military involvement abroad in particular. In his speech Clinton emphasized the United States has not dispatched and is not intending to dispatch any ground force to Bosnia-Herzegovina.

Third, while dealing with the European security issue, the United States needs to properly handle its relations with Russia as well. For the moment, despite the many economic difficulties it is facing, Russia remains quite influential militarily and politically. Recently, in assuming a dominant posture, Russia first managed to persuade the Bosnian Serbs to accept the conditions set by the NATO in the ultimatum and withdraw their heavy arms from Sarajevo or turn them over to the UN peacekeeping forces. After that, Russia decided to send troops to join the U.N. peacekeeping force in their Bosnia-Herzegovina mission. Russia's moves have shown the world that the settlement of the Bosnia-Herzegovina conflict would be impossible without Russia's participation. The Clinton administration, surprised at Russia's act at first, could not but give it a welcome with reservations afterward. In his speech President Clinton said: Russia has made an important contribution to bringing forth a change in the situation in Bosnia-Herzegovina.

According to analyses by the U.S. press, in adjusting its Bosnia-Herzegovina policy and changing its mind to support its European allies' partition plan for Bosnia-Herzegovina, the Clinton administration's greatest expectation is that all the parties in Bosnia-Herzegovina will achieve a sustained armistice under the threat of the NATO's ultimatum, so that the United States will be exempted from direct military involvement in the Bosnia-Herzegovina conflict.

Central Eurasia

Rong Yiren Meets Turkmenistan Assembly Delegation

OW2502094894 Beijing XINHUA in English 0928
GMT 25 Feb 94

[Text] Beijing, February 25 (XINHUA)—Chinese Vice-President Rong Yiren met with Sakhat Muradov, chairman of the Grand National Assembly of Turkmenistan, and his party here today.

Rong welcomed the delegation led by Muradov visiting China.

Muradov said his delegation were impressed deeply during their five-day trip.

He believed that China had made impressive progress in the fields of education, natural science and the humanities.

Rong said China and Turkmenistan, with their parliaments, enjoy good relations. The 1992 tour of China by Turkmenistan President Saparmurad Niyazov had remarkably promoted the development of Sino-Turkmenistan relations.

He said the visits of high-level leaders between the two countries were important for the expansion of bilateral relations.

He expressed the hope that leaders of the two countries will increase their contacts in order to enhance the friendly cooperation concerning politics, economy, culture and other aspects.

Rong extended greetings from President Jiang Zemin and himself to President Niyazov through Muradov.

He also briefed the visitors on China's economic development and reform of the education system.

Muradov said that Turkmenistan is now on the independent path of development while learning from foreign experience. So his delegation visited the economic development zone and bonded zone in Tianjin, an important industrial city in north China.

He hoped bilateral relations in the fields of economy, science, culture and education will be developed through more exchanges between the two countries' leaders.

Also taking part in the meeting was Meng Liankun, chairman of the Internal and Judicial Affairs Committee of the National People's Congress (NPC).

Muradov arrived here February 20 for a visit to China as guest of Qiao Shi, chairman of the NPC Standing Committee.

Muradov and his party are scheduled to leave for home this afternoon.

XINHUA Reports on President Yeltsin's Speech

Views Foreign Policy Goals

OW2402183794 Beijing XINHUA in English 1239
GMT 24 Feb 94

[Text] Moscow, February 24 (XINHUA)—Russian President Boris Yeltsin stressed on Thursday [24 February] that Russia should occupy a "worthy place" in the changing world.

Addressing the parliament on Thursday morning, Yeltsin said Russia's foreign policy will be firmly based on the universally acknowledged principles and norms of international law.

"For Russia to occupy a worthy place in a changing world, it must have a strong state," the Russian president pointed out in his first-ever state of nation message delivered to the lawmakers.

Yeltsin said: "Russia respects the sovereignty, territorial integrity and independence of other nations including naturally its neighbors, and demands that they do the same."

"The consistent advancement of national interests through openness and cooperation, the provision of favorable conditions for the internal development and continuing reforms are the main objectives of the foreign policy of the Russian state in 1994," the president said in his 110-page address.

He devoted part of the message to relations with the new independent states including three Baltic nations which border Russia and the cooperation within the Commonwealth of Independent States (CIS).

He said: "Experiences show that no other country besides Russia can shoulder the burden of peacekeeping in the former Soviet space. Russia does not have the right to scale down its activity in protecting minority rights in the CIS and Baltic states."

The Russian president also stressed the need to further expand the economic cooperation within the CIS.

On relations with the West and other regions' countries, Yeltsin said: "Partnership has become a key characteristic of Russia's relations with other states. The new character of relations with the West provides favorable opportunities for a more effective pursuit of Russia's interests in the fields of security, economy, trade and business."

Views Nuclear Deterrent

OW2402183894 Beijing XINHUA in English 1235
GMT 24 Feb 94

[Text] Moscow, February 24 (XINHUA)—Russian President Boris Yeltsin stressed on Thursday [24 February] that the Russian strategic nuclear forces will remain the major deterrence force.

Addressing the parliament on Thursday [24 February] morning, the Russian president said: "The strategic nuclear forces will, as before, remain the major deterrence form unleashing a nuclear war."

Listing the major tasks before the lawmakers in his first-ever state of nation message, Yeltsin stressed the urgent need to "ensure nuclear security of the country, equip the armed forces with the latest means of combat command, communication and armaments."

Due to changes in geopolitical situation, he continued, a major bulk of work in reforming the Russian armed forces has been made.

Their combat composition was determined, new groups of troops are being created, mobile forces are being formed, the strategic, tactical and mobilization plans for the use of the armed forces have been drafted, the number of fully-manned formations has increased, the president listed.

As a result, he pointed out, the armed forces are in combat capability and ensure in general the fulfillment of tasks before them.

As to the Russian troops deployed abroad, Yeltsin said they are withdrawn from abroad according to schedule and with due account of "the emerging situation."

Views Democratic Struggle

OW2402183994 Beijing XINHUA in English 1258
GMT 24 Feb 94

[Text] Moscow, February 24 (XINHUA)—Russian President Boris Yeltsin admitted today that democratic principles are being discredited in Russia and political struggle is taking place among state officials and in society as a whole.

In a 110-page address delivered to the parliament, Yeltsin said the struggle revolves around how to further social and economic reforms.

He complained that although the country had abandoned the Soviet-era command style of management it has not learned to abide by the law.

"It has to be admitted bluntly that the democratic principles of the power structure are being discredited more and more," Yeltsin stated.

He urged the legislature to adopt laws enforcing "strict rules" on powerful state bodies, on the government itself, on federal state services, on the basic organization of regional bodies and on the status of lawmakers.

Meanwhile, he stressed the need to carry out a legal reform in Russia, pinpointing the need to introduce efficient justice based on strict legal and democratic principles.

Yeltsin also called on the people and various political forces to cooperate with the new Russian Constitution.

"It is the duty of all those who are linked with the fate of Russia to use this chance for renewal and stability offered by the new Constitution," he added.

Says State Management Necessary

OW2402122794 Beijing XINHUA in English 1031
GMT 24 Feb 94

[Text] Moscow, February 24 (XINHUA)—Russian President Boris Yeltsin stressed on Thursday that state management is necessary for Russia in promoting market reforms.

In a 110-page state of the nation message to the parliament, the Russian president said: "The creation of a system of regulations of market economy is not a regress, but movement ahead, development of the reform, strengthening of the Russian state."

Market reforms in the country are impeded by excessive monopolism, according to the president, who warned that demonopolization is not an easy process and will take considerable time.

The taxation system is also to be considerably changed. "At least it should be understandable and stable during a year. The number of taxes is to be reduced and the rules of their payment eased," Yeltsin said.

Summing up the results of two years of economic reforms in the country, the president stressed that the "cost of reforms was high."

The high cost of reforms which Russians have to afford is explained by the difficult starting situation in 1991 when the economy was in a very complicated state, Yeltsin said.

Besides, he continued, the price of the reform also increased because of the political stand-off in the country which lasted for two years.

Mistakes of state authorities in carrying out reforms comprised yet another reason. He accused the government of not working for reform, but concentrating on "solving routine problems."

Says Reforms To Continue

OW2402131794 Beijing XINHUA in English 1016
GMT 24 Feb 94

[Text] Moscow, February 24 (XINHUA)—Russian President Boris Yeltsin expressed his determination on Thursday to continue economic reforms and said backtracking would mean a catastrophe.

In his first-ever state of the nation message addressed to the parliament, Yeltsin urged Russian lawmakers to lay a "legal foundation for Russian entrepreneurship."

Among most vital tasks for 1994, the president listed the creation of a modern settlement system, a deep reform of the central bank in order to create a federal reserve system.

Yeltsin said he will himself control the reform of the central bank as it is of a key importance to economic reforms in the country.

According to the president, 1994 should become a year of creating financial and industrial groups. He said it is necessary that they emerge on a voluntary basis and do not reanimate the old government ministries.

The current year should also see major changes in state support to agriculture, Yeltsin said, urging to carry out a real reform in the agro-industrial complex rather than provide unlimited subsidies to it.

Russian Presidential Spokesman Denounces Amnesty

OW2402144994 Beijing XINHUA in English 0805
GMT 24 Feb 94

[Text] Moscow, February 23 (XINHUA)—Russian Presidential Spokesman Vyacheslav Kostikov today denounced the decision of the lower house of parliament to free political prisoners who are "anti-Yeltsin opponents."

The lawmakers at the State Duma (the lower house of parliament) voted 253-67 for the resolution on an amnesty to organizers of the 1991 "August 19 Event" and leaders of the armed rebellion in the parliament building in Moscow last October.

Kostikov stressed in a statement that the decision is detrimental to cooperation between the president and the newly-elected parliament.

He said that the State Duma had "not learned lessons from the bitter experience of the former parliament" which was dissolved by President Boris Yeltsin after over two years of stand-off.

He accused the State Duma of "playing ruinous political games" and struggling for power.

When the president was "making resolute steps to strengthen the weight and dignity of Russia in the world," the State Duma adopted decisions which would lead to destabilization and "a weaker Russia," he said.

"This is a dangerous way," the spokesman added.

Meanwhile, Emil Paine, an aide to the Russian president, told reporters that Yeltsin would not approve the decision.

The aide described the Duma's amnesty decision as "an open symbolic challenge" to the president on the eve of addressing his state of nation message.

However, he said the decision would not delay Yeltsin's speech which is a message to "the whole society instead of the parliament solely."

Vladimir Shumeyko, chairman of the Federation Council (the upper house of parliament), said in a

televised interview this afternoon, "the public prosecutor's office and court will handle this issue. Lawmakers should not be involved in it."

Yegor Gaydar, leader of Russia's choice, warned that the freed rebels would retake their activities against the president, which might result in a new bloodshed.

However, Konstantin Zatulin, chairman of the Duma Committee on CIS (the Commonwealth of Independent States) Affairs, stressed that the amnesty and the memorandum on accord adopted by the lawmakers would "give Russia a chance to civic reconciliation."

Russian Communist Party leader Gennadiy Zyuganov expressed "a feeling of certain satisfaction" when the decision was passed by most Duma factions.

Northeast Asia

Zhu Rongji Continues To Meet Japanese Leaders

Meets Keidanren Chairman

OW2402113694 Beijing XINHUA Domestic Service in Chinese 1605 GMT 23 Feb 94

[By reporter Zhang Huanli (1728 3562 0448)]

[Text] Tokyo, 23 Feb (XINHUA)—Chinese State Council Vice Premier Zhu Rongji met Chairman Gaishi Hiraiwa and other officials of the Federation of Economic Organizations (Keidanren) of Japan at the Shin Otani Hotel in Tokyo this evening, and accepted an invitation to attend a banquet hosted in his honor by the Keidanren.

Zhu Rongji spoke highly of the precious contribution made by friends of the Keidanren over a long time to the development of Sino-Japanese trade and economic cooperation, and gave a briefing on the current state of China's reform at the request of people in Japan's economic circles. He said: This year is a crucial one for China's economic reform. Many important reform measures were introduced at the beginning of this year. These reform measures were drawn up on the basis of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. They have been implemented for more than 50 days and are making relatively smooth progress. This further strengthens our resolve to promote reform. In the process of drawing up reform bills, we used the experience of developed countries, including Japan, in economic development.

Keidanren officials, including Hiraiwa, said: Japan is very interested in China's economic development. The Keidanren set up its China Committee in May last year to promote the development of Japanese-Chinese economic relations.

Senior personnel in the entourage, including He Chunlin, deputy secretary general of the State Council General

Office, were present at the meeting and were invited to attend the banquet in the evening.

Zhu Rongji also met Chairman Kosaku Inaba of the Japan Chamber of Commerce and Industry [JCCI] at the Shin Otani Hotel this afternoon.

During the meeting, Zhu Rongji said: "The timing of my visit to Japan is very good. This year is a crucial one for China's economic reform. Japanese friends have been following with interest the economic situation in China. One of the purposes of my visit to Japan is to introduce China's domestic economic situation. Markets and prices are now stable in China, and so is the general mood of the people there."

Zhu Rongji said: "This year is also important for Japan. The Japanese Government wants to take some important measures to stimulate economic development. The timely exchange of views between China and Japan is very necessary for the two countries in improving mutual understanding and developing cooperation."

Inaba said that, when he visited China last year, Vice Premier Zhu Rongji suggested that the JCCI organize a delegation to visit China every year. Inaba said: The JCCI followed up the suggestion. This year, it is preparing to organize a delegation to visit cities in central and west China to conduct survey.

More on Meeting

OW2502045394 Beijing China Radio International in Japanese 0930 GMT 24 Feb 94

[Text] Chinese Vice Premier Zhu Rongji, who is currently visiting Japan, held separate meetings with Kosaku Inaba, chairman of Japan Chamber of Commerce and Industry, and Gaishi Hiraiwa, chairman of Japan Federation of Economic Organizations [Keidanren], on the afternoon of 23 February. He also attended a welcome reception held by Keidanren.

In his meeting with Chairman Kosaku Inaba, Vice Premier Zhu Rongji said as follows: My visit to Japan this time is a very timely one. This is an important year for China's economic reform, and our Japanese friends are very interested in the Chinese economic situation. One of the purposes of my visit is to introduce the economic situation in China to our Japanese friends. Market prices of goods and [word indistinct] are all stable in China. This is a very important year for Japan as well. Reportedly, the Japanese Government is planning to stimulate economic growth by introducing several important measures. It is necessary for Japan and China to exchange opinions in a timely manner to promote bilateral cooperation.

In response, Chairman Inaba said: When the delegates from the Japanese Chamber of Commerce and Industry visited China last year, Vice Premier Zhu Rongji made a proposal for us to send a delegation to China each year. We accepted the proposal and decided to visit cities in the central and western regions of China this year.

Moreover, in his meeting with Keidanren Chairman Gaishi Hiraiwa, Vice Premier Zhu Rongji said that Keidanren has been rendering great services to the development of economic relations between Japan and China for a long time.

Regarding the economic situation in China, Vice Premier Zhu Rongji stated: Many reform measures were introduced in China early this year. These measures were enacted on the basis of Deng Xiaoping's idea of constructing a socialism which reflects the characteristics of China. They have been implemented smoothly in the past 50 days or so. Because of this, we have deepened our confidence in our effort to promote reform. In our economic measures, we introduced the experiences of the developed countries, including Japan.

In response, Chairman Gaishi Hiraiwa said: Japan is very much interested in the Chinese economy. Keidanren formed the Chinese Committee in May last year. Its purpose is to develop trade relations with China.

Calls For Expanded Trade

OW2402130894 Beijing XINHUA in English 1254 GMT 24 Feb 94

[Text] Tokyo, February 24 (XINHUA)—Chinese Vice Premier Zhu Rongji today called on Japanese entrepreneurs to increase trade with China and invest more in the country's developing economy.

Bilateral trade and economic cooperation is still short of its potential despite Japan's overtaking Hong Kong as China's biggest trading partner and in 1993 China becoming Japan's second largest trading partner after the United States, Zhu said.

The value of two-way trade reached a record 39 billion U.S. dollars, an increase of 54 percent over 1992.

"But the amount of 39 billion dollars is still too small a figure," Zhu told a welcoming party for him sponsored by Japanese trade organizations in a downtown Tokyo hotel.

He called for improved economic ties which would benefit the Asia-Pacific region as well as the world at large.

Welcoming Zhu on a nine-day visit that began Wednesday, Japanese International Trade and Industry Minister Hiroshi Kumagai said Japan pays much attention to China's economic development, especially as it is now working hard to establish a socialist market economy.

Japan shares much in common with China because the administration of Prime Minister Morihiro Hosokawa is also reforming the country's politics and restructuring the sluggish economy, Kumagai said.

He renewed Tokyo's support for China's bid to have its membership of the General Agreement on Tariffs and

Trade (GATT) restored, saying China's re-entry would help promote the expansion of global free trade.

PRC To Scrap Exchange Swap Market

OW2402133594 Beijing XINHUA in English 1321
GMT 24 Feb 94

[Text] Tokyo, February 24 (XINHUA)—Chinese Vice Premier Zhu Rongji said today that China will scrap its foreign exchange swap market before April following the recent unification of its dual-track foreign exchange system.

Zhu, also governor of the People's Bank of China, made the announcement in a question-and-answer session after delivering a speech on China's economic reforms in a downtown Tokyo hotel.

He explained that instead, the government will establish a unified inter-bank foreign-exchange market to transact money.

The new unitary and controlled floating exchange-rate system, based on market supply and demand, was introduced on January 1.

Zhu said his government will soon announce details of regulations on foreign currency for foreign-funded firms, adding that they will find no inconvenience in purchasing hard currencies as long as they adhere to deals already struck.

On the transaction of renminbi by foreign banks, he said it is still too early to allow them to begin such business in China since the country's banks have not yet transformed to full blown commercial activities.

"If we say yes over the renminbi deal now, the Chinese banks will cease to exist," he said.

He added that the government plans to change the present banking system and restructure all the banks, except the central bank and other specially designated banks.

"This will be done along with the ongoing reforms of state-owned enterprises," he added.

The vice premier made a cautious reference to the listing of stocks by domestic firms due to insufficient regulations and said his government is currently not considering allowing foreign firms to list their shares in China.

Zhu arrived here Wednesday for a nine-day visit and is scheduled to meet Prime Minister Morihiro Hosokawa and hold talks with Foreign Minister Isutomu Hata later in the day. He will also travel to western and south-western Japan to take a personal look at corporate activities there.

Meets Japanese Foreign Minister Hata

OW2502005394 Beijing XINHUA Domestic Service in
Chinese 1529 GMT 24 Feb 94

[By reporter Zhang Huanli (1728 3562 0448)]

[Text] Tokyo, 24 Feb (XINHUA)—Japanese Deputy Prime Minister and Foreign Minister Tsutomu Hata met with Chinese Vice Premier Zhu Rongji here this evening. Both sides exchanged views on bilateral relations in a sincere and friendly atmosphere.

After briefing Hata on China's current economic situation and the implementation of its reform measures, Zhu Rongji said: "We are confident that China will maintain a growth rate of 9 percent in the years to come. In the course of reform, China will try to protect foreign investor's interests. We hope the Japanese Government will continue to encourage and guide Japanese enterprises to invest in setting up factories in China. This is also one important way to enliven the Japanese economy."

Hata said: "I feel relieved after listening to our excellency's briefing on China's current economic situation. The development of Sino-Japanese trade and economic ties has been rapid in recent years. This also demonstrates that China has made tremendous achievements in its economic reform. In my talks with leaders of other countries we have talked about China's economic reform. Japan will, as in the past, continue to support China's reform and open-door policy, and offer cooperation. This will not only benefit Japan and China but will also benefit the world."

Hata reiterated Japan's support for China's bid to restore its contracting status within the General Agreement on Tariffs and Trade.

After the meeting, Hata hosted a banquet in honor of Zhu Rongji and his party.

Participating in the meeting and banquet were other principal members of Zhu's entourage, including He Chunlin, deputy secretary general of the State Council General Office; and Chinese Ambassador to Japan Xu Dunxin.

Meets With Hosokawa

OW2402155594 Beijing XINHUA in English 1533
GMT 24 Feb 94

[Text] Tokyo, February 24 (XINHUA)—Chinese Vice Premier Zhu Rongji and Japanese Prime Minister Morihiro Hosokawa today expressed satisfaction over the smooth and rapid development of Sino-Japanese relations, Chinese Foreign Ministry officials said.

In a 40-minute meeting at the prime minister's official residence here, Hosokawa told Zhu that his coalition government is pleased to see the development in bilateral relationships.

He added that deeper ties between Japan and China benefit not only the two countries but also the Asia-Pacific region and the world at large.

"It will promote Japan's economic recovery as well," he said.

The prime minister said he believed Foreign Minister Tsutomu Hata's visit to Beijing last month helped boost bilateral ties.

Zhu agreed that the relationship has been solidified in both quantity and quality, according to the ministry officials.

They quoted Zhu as telling Hosokawa that joint ventures between the two countries helped advance China's technology development last year which in turn would benefit Japanese products in international competition.

The vice premier told Hosokawa that China's ongoing reform and improved environment for investment will attract more Japanese entrepreneurs to do business there and hoped that the Japanese Government will continue its support for China's reform efforts.

Zhu, who arrived in Tokyo Wednesday [23 February] for a nine-day visit, said Chinese President Jiang Zemin and Hosokawa helped enhance bilateral ties when they met during November's unofficial summit of the Asia-Pacific Economic Cooperation forum in Seattle.

He invited the Japanese leader to visit China in March, telling him that Beijing is already preparing for the trip.

Later in the day, the vice premier met Japanese Finance Minister Hirohisa Fujii to discuss bilateral financial cooperation.

Further on Hosokawa Meeting

OW2402205494 Beijing XINHUA Domestic Service in Chinese 1445 GMT 24 Feb 94

[By reporter Zhang Huanli (1728 3562 0448)]

[Text] Tokyo, 24 Feb (XINHUA)—Japanese Prime Minister Morihiro Hosokawa had a meeting with Chinese Vice Premier Zhu Rongji at the former's official residence this afternoon.

Hosokawa warmly welcomed Zhu Rongji in the latter's visit to Japan.

Zhu Rongji conveyed to Hosokawa the best regards of President Jiang Zemin and Premier Li Peng. Hosokawa expressed his thanks for this and asked Zhu Rongji to convey his best regards to President Jiang Zemin and Premier Li Peng.

Zhu Rongji said to the prime minister: "You have attached great importance to the development of Sino-Japanese relations since you assumed office. We appreciate your efforts. President Jiang and you had a very fruitful meeting in Seattle last November. The common

views shared by the two sides are important for promoting the development of the two countries' relations."

Hosokawa said: "President Jiang Zemin and I indeed had very successful talks in Seattle. I myself am looking forward to visiting China in mid- or late March to further promote the development of Japanese-Chinese relations."

Zhu Rongji said: "We are actively making preparations for your visit. You will be accorded a grand reception. Both President Jiang Zemin and Premier Li Peng are looking forward to meeting you in Beijing in mid- or late March."

Hosokawa said: "The Japanese Government is pleased to see the very rapid development of Japanese-Chinese economic relations and trade. Japanese-Chinese friendship is extremely significant. Not only is it in the interest of the two countries, but it also will benefit the Asia-Pacific region and the world as a whole. China's economy is full of vitality, and it is developing very fast. The development of Japanese-Chinese relations plays an important role in expediting Japan's economic recovery. During Deputy Prime Minister Hata's recent visit to China, our two countries reached a consensus of views on the way that the fourth yen loan should be extended. I evaluated the success highly."

Zhu Rongji agreed with Hosokawa's observation. He said: Sino-Japanese joint ventures have played a major role in the rapid development of Sino-Japanese economic relations and trade. The goods produced by joint ventures, instead of competing with Japanese goods, will enhance Japanese-made goods' competitive and exploratory capabilities in the world market.

Zhu Rongji said: "Ever since China embarked on the reform to build a market economy, the investment environment in China has improved significantly, and this is good for Japanese enterprises' investing in China and developing bilateral economic cooperation and trade. It is hoped that Japan will continue to render its support in this field. The deepening of the mutually beneficial and interdependent economic cooperation and trade between China and Japan will enhance the two countries' prosperity and will help promote peace, stability, and the development of the Asia-Pacific region and the world as a whole."

Present at the meeting were He Chunlin, State Council deputy secretary general, and other principal members of Zhu Rongji's entourage, as well as Chinese Ambassador to Japan Xu Dunxin.

Meets Former Prime Ministers

OW2502020494 Beijing XINHUA Domestic Service in Chinese 1504 GMT 24 Feb 94

[By reporter Zhang Huanli (1728 3562 0448)]

[Text] Tokyo, 24 Feb (XINHUA)—Former Japanese Prime Ministers Toshiki Kaifu, Noboru Takeshita, and

Kiichi Miyazawa, and LDP President Yohei Kono met separately with Vice Premier Zhu Rongji in Tokyo this afternoon.

During the meetings, Zhu Rongji conveyed President Jiang Zemin's and Premier Li Peng's regards to each of them and welcomed them to visit China at their convenience.

When asked about China's domestic situation, Zhu Rongji said: "We introduced some major reform measures on 1 January. Under the leadership of President Jiang Zemin and Premier Li Peng, those measures were set forth after holding full consultations and pooling the wisdom of people across the country. Since their introduction over 50 days ago, they have been smoothly implemented. The success of China's economic reform will effectively advance the development of Sino-Japanese economic and trade relations."

Kaifu, Takeshita, Miyazawa, and Kono all expressed appreciation for the achievements China has scored in its economic reform. They also said they attached great importance to Sino-Japanese relations and would continue to contribute to friendship and cooperation. They support the Japanese Government in providing China with its fourth batch of Japanese yen loans.

He Chunlin, deputy secretary general of the State Council, and other principal members of Zhu Rongji's entourage were present at the above meetings.

Zhu Rongji met with Japanese Finance Minister Hirohisa Fujii at Hotel New Otani in Tokyo this evening. They exchanged views on the further development of Sino-Japanese financial cooperation in a friendly atmosphere.

Vice Premier Zhu Rongji Stresses Role of Japanese Hi-Tech

OW2502110794 Tokyo KYODO in English 1034 GMT 25 Feb 94

[Text] Tokyo, Feb. 25 KYODO—Chinese Vice Premier Zhu Rongji on Friday [25 February] stressed the importance of Japanese technology and know-how in helping China to modernize its economy.

He called for further Japanese investment in the country's booming market.

With a 28 percent share of Chinese high-tech imports, Japan is China's most important supplier of modern technology, Zhu told a news conference.

This is not only a "very important factor" for China's economic development, but it also benefits Japan's economy by strengthening the competitiveness of Japanese products in the world market, he said.

Zhu arrived Wednesday for a nine-day trip to drum up Japanese investment and support.

Know-how transfer through Japanese production in China is what benefits both sides most, said Zhu, pointing to Matsushita Electric Industrial Co. Ltd.'s production of heads for video recorders at a plant in Beijing.

Japan-China trade soared by 54 percent to 39 billion dollars last year, but it nevertheless is "still small" considering the potential of China's huge market, he said.

Zhu, who also heads the central bank, played a major role in the drafting of a comprehensive reform package introduced at the beginning of this year.

Since the start of Chinese market reforms in 1979, Japan has provided Beijing with trillions of yen in loans through its overseas development assistance program. Another 819 billion yen have been allotted for the 1990-95 term.

As part of the ambitious modernization program, the country's burdensome state-owned sector will be privatized along different lines, including selling them off to foreign companies, Zhu said. Already, two-thirds of them are in the red.

Beijing also is considering mutual stockholding as practiced by many Japanese companies, he said. However, for the time being most companies will be turned into ordinary corporations and not into stock-holding companies. Zhu said Beijing is eager to avoid the occurrence of the asset-inflated economy of the late 1980s that afflicted Japan.

Beijing hopes that a total overhaul of the tax system will help gradually increase the central government's revenue share from the present 30 percent to about 60 percent by 2000.

While the provinces grew rich over the last decade by pocketing more levies, the falling tax revenue has left the central government with a cumulative budget deficit of 400 billion yen (70 billion dollars).

Zhu, dismissing allegations that local governments will try to defend their vested interests, said Beijing has their full support for the reallocation of tax revenue.

Zhu said he is confident that the Chinese yuan eventually will become a fully convertible currency.

The yuan's value has been stable since the introduction of a single, market-oriented foreign exchange rate on January 1 and "will continue to be stable," he said.

Zhu, who leaves Saturday for the Kansai region, has had a busy schedule in Tokyo meeting Prime Minister Morihiro Hosokawa, Foreign Minister Tsutomu Hata, Bank of Japan Governor Yasushi Mieno, and a number of former prime ministers. He will visit the Kansai region to study Japanese corporate structures.

He indirectly warned against inviting Taiwanese President Li Teng-hui to Tokyo saying that "the Taiwan question has always been a very sensitive matter" between Japan and China.

Zhu Rongji Says Beijing Seeks Early Yen Loan Program

OW2502112294 Tokyo KYODO in English 1100 GMT 25 Feb 94

[Text] Tokyo, Feb. 25 KYODO—Chinese Vice Premier Zhu Rongji asked Japan Friday [25 February] for early formulation of its fourth yen loan program for China, officials said.

Zhu made the request during a 30-minute meeting with International Trade and Industry Minister Hiroshi Kumagai.

Kumagai said China must do more on environmental issues if the government is to receive full public understanding on aid to China.

Zhu promised that projects to be financed by Japan's yen loan program will contain measures designed to address China's environmental conditions.

Chinese companies failing to meet environmental standards would not be allowed to take part in yen loan projects, Zhu said.

Kumagai called for Beijing's efforts to narrow the industrial gap between inland and coastal areas.

Zhu replied that Beijing will formulate ways to upgrade its traffic system in the inland area while doing its utmost to create new industries there, taking advantage of abundant natural resources.

Kumagai voiced hope that Japan's yen loan and other economic assistance will help promote industrial restructuring in China.

DPRK's Kim Il-sung Meets CPC Delegation

OW2402130994 Beijing XINHUA Domestic Service in Chinese 1147 GMT 24 Feb 94

[By reporter Gao Haorong (7559 3185 2837)]

[Text] Pyongyang, 24 Feb (XINHUA)—Kim Il-sung, general secretary of the Korean Workers Party [KWP] Central Committee and president of state, today met Li Shuzheng, director of the CPC Central Committee's International Liaison Department, and the delegation she is leading on a visit to the Democratic People's Republic of Korea [DPRK].

Kim Il-sung compared DPRK-PRC relations to those between relatives, adding that they were relations between comrades-in-arms and were cemented with blood. He expressed the desire to continue to develop the traditional friendship between the two parties.

Kim Il-sung said: The DPRK is implementing the guidelines for national development adopted by the 21st Plenary Session of the Sixth KWP Central Committee, and work in all fields has proceeded smoothly.

At the meeting, Li Shuzheng renewed the CPC Central Committee and General Secretary Jiang Zemin's invitation to Kim Il-sung to visit China this year at a convenient time. Kim Il-sung thanked him and said he would visit China when the opportunity presented itself.

Li Shuzheng said: China will unswervingly strive to strengthen PRC-DPRK friendship. She also briefed Kim Il-sung about the CPC Central Committee and the State Council's principles for this year's work.

Hwang Chang-yop, secretary of the KWP Central Committee, and Chinese Ambassador to the DPRK Qiao Zonghuai were present at the meeting.

Li Shuzheng and her delegation arrived in Pyongyang on 22 February.

'Little Doubt' Kim Il-sung To Accept Invitation

HK2502100594 Hong Kong SOUTH CHINA MORNING POST in English 25 Feb 94 p 19

[By Willy Wo-lap Lam]

[Text] Beijing has extended an invitation to North Korean President, Kim Il-sung, to visit the country in the near future.

Diplomatic sources said that while Pyongyang had yet to respond to the invitation, the Kim visit would help boost China's power as a major arbiter in regional affairs.

Two major heads of government in East Asia, Japanese Prime Minister, Morihiro Hosokawa, and South Korean President, Kim Young-sam, are scheduled to call in on Beijing next month.

The visit by President Kim (Il-sung) would help cement Beijing's role as a mediator among the major players in East Asia.

The sources said while Pyongyang had been angered by the growing ties between Beijing and Seoul there was little doubt that Mr Kim would accept the invitation.

However, the sources added, if Mr Kim's health was failing or if he was too preoccupied with the increasingly ferocious power struggle that had broken out within the "Kim Dynasty", North Korean Prime Minister, Kang Song-san, would pay the visit on his behalf.

It is understood that Mr Kim Il-sung was anxious to see Chinese supreme leader Deng Xiaoping in case the patriarch's health failed.

Despite Beijing's recent "tilt" towards Seoul, President Kim Il-sung and his advisers have not given up hope that "first-generation revolutionaries" like Mr Deng still

have a sentimental attachment to the old "lips-and-teeth" relationship between the two communist neighbours.

According to Chinese sources, however, Beijing's major goal in having President Kim Il-sung arrive after the visits of the leaders of Japan and South Korea was to demonstrate its influence in East Asia.

Japan and Western governments, particularly the United States, have urged Beijing to persuade Pyongyang to put a freeze on, if not dismantle, its nuclear weapon programme.

Chinese diplomats have also indicated their willingness to help promote the peaceful unification of North and South Korea.

Diplomatic analysts said, however, that Beijing's ability to influence Pyongyang's policy had been diminished.

They said President Kim Il-sung would visit Beijing after the end of March and Kim Chong-il, probably before the summer.

Aside from economic aid and co-operation, President Kim Il-sung will probably seek Beijing's support for his son and anointed successor Kim Chong-il.

Sources said despite his avowed desire not to meet any more foreign leaders, Mr Deng would probably agree to see President Kim Il-sung in private.

Meanwhile, President Kim met a Chinese Communist Party official in Pyongyang yesterday.

Mr Kim received Li Shuzheng, head of the international liaison department of the Chinese Communist Party, and her entourage and held talks in a "cordial and friendly atmosphere" the Korean Central News Agency said.

DPRK Urges U.S. To Implement Commitments *OW2402131194 Beijing XINHUA in English 1243 GMT 24 Feb 94*

[Text] Pyongyang, February 24 (XINHUA)—The Democratic People's Republic of Korea (DPRK) said today that early inspections of its nuclear facilities by the International Atomic Energy Agency (IAEA) depends on whether the United States carries out its agreed commitments on this issue.

An editorial, carried by the official newspaper NODONG SINMUN, said that the DPRK is willing to accept IAEA's inspections of its nuclear sites aimed at safeguarding the consistency of the nuclear security.

However, only when the DPRK and the U.S. reaches an agreement on simultaneous action on the basis of the commitments made earlier can early inspections take place, the paper added.

According to the principles of simultaneous action, if the DPRK accepts the IAEA's inspections, the U.S. should cancel its annual military exercise with South Korea and issue a joint decision with the DPRK on the timing of the third round of meetings, said the newspaper.

The editorial concluded that only after these actions have been implemented can the nuclear issue be fairly solved.

It also criticized some U.S. news media for blaming the failure of the implementation of the IAEA's inspections on the DPRK's refusal to give entry visas to inspectors. The failure was not the DPRK's fault, the paper said.

Report Views IAEA Board of Governors' Meeting *SK2502003294 Beijing China Radio International in Korean 1100 GMT 24 Feb 94*

[Text] Yesterday [23 February] the International Atomic Energy Agency [IAEA] demanded that the DPRK designate the date of inspection of nuclear facilities before next Monday [28 February].

The statement, announced after the meeting of the IAEA Board of Governors in Vienna that day, noted that the IAEA is concerned with the fact that DPRK has been delaying the date of nuclear inspection, and warned that if Pyongyang fails to designate the date of nuclear inspection by the end of this month, the Board of Governors would convene a plenary meeting and would demand that the IAEA Secretary-General comprehensively (?reexamine) the issue of North Korea's nuclear inspection.

According to a report, the DPRK will not yield to pressure. The DPRK representative to the IAEA said that only on the condition that the United States make certain concessions [iljonghan yangbo] including the cancellation of the Team Spirit joint military exercise with the ROK, can the DPRK declare an inspection date for the seven nuclear facilities in the DPRK.

Near East & South Asia

Further on Qian Qichen's South Asian Trip

Meets Pakistan President

BK2502085694 Beijing China Radio International in Urdu 1600 GMT 24 Feb 94

[Text] China's Vice Premier and Foreign Minister Qian Qichen met Pakistani President Farooq Leghari yesterday, according to our Islamabad-based correspondent (Yi Lin). The talks were held in a friendly and cordial atmosphere. During the meeting, President Leghari said that the exchange of high-level visits between Pakistan and China will go a long way in promoting the bilateral relationship and that Pakistan is very grateful to China for its assistance and support. President Leghari expressed the hope that the two countries will increase

their consultations on matters of mutual interest and on regional and international issues.

Foreign Minister Qian Qichen said even though China and Pakistan have different social systems and historical and cultural backgrounds, the people of the two countries cooperate with each other in a spirit of mutual understanding and trust. Thus, the Sino-Pakistani ties are an excellent example of mutual contacts among states. The future of Sino-Pakistani relations is very bright, he added.

Arrives in Bangladesh 24 Feb

OW2402175494 Beijing XINHUA in English 1721
GMT 24 Feb 94

[Text] Dhaka, February 24 (XINHUA)—Bangladesh Foreign Minister A.S.M. Mustafizur Rahman hosted a banquet on Thursday [24 February] evening in honor of the visiting Chinese Vice-Premier and Foreign Minister Qian Qichen.

Qian Qichen arrived here on Thursday at 14:00 for a four-day official goodwill visit to this South Asian country. Bangladesh is the second leg of his five-country tour including Pakistan, Bangladesh, Sri Lanka, Maldives and Iran.

At the welcoming banquet, the Bangladesh foreign minister said, "China is a valuable friend of Bangladesh. We cherish this friendship."

The Bangladesh foreign minister praised China in its modernizing drive and economic reforms. He believed China will play an increasingly important role in global trade and economic relations.

The Bangladesh foreign minister also briefed Chinese guests on the ongoing market-oriented economic reforms and poverty-alleviation efforts in his country.

In his speech, the Chinese vice-premier said, "Under the personal care of the leaders of our two countries, the two sides are carrying out fruitful cooperation in the economic, trade, scientific and technological, cultural and other fields and have supported each other and cooperated closely in international affairs."

Qian said that developing countries should strengthen coordination and cooperation to preserve peace and stability, promote common economic growth so as to establish a new international political and economic order.

Qian also praised Bangladesh for its unremitting efforts in promoting good-neighborly and friendly relations among the SAARC [South Asian Association for Regional Cooperation] countries and in enhancing regional cooperation.

Qian described the recent allegations about the so-called "China threat" and even China's expansion into the Indian Ocean as absurd and utterly groundless. "We have made it clear on many occasions that China

unswervingly pursues an independent foreign policy of peace and will never seek hegemony," he said.

He stressed, "China is and will remain a force for preserving world peace and stability."

Meets Bangladesh Foreign Minister

OW2502101794 Beijing XINHUA in English 0950
GMT 25 Feb 94

[Text] Dhaka, February 25 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen exchanged views today with Bangladesh Foreign Minister Mostafizur Rahman on bilateral relations as well as regional and international affairs at official talks held here.

During the talks which were proceeded at a sincere and friendly atmosphere, Rahman said that Bangladesh attached great importance to the development of friendly cooperations between China and Bangladesh.

Describing the visit as "an important landmark in the development of bilateral relations between the two countries," Rahman said Qian's visit will further promote friendship and cooperations of mutual benefit in all fields between the two countries.

He also highly valued the rapid development of China's economy in recent years, saying that Bangladesh expects Chinese companies and enterprises to invest in Bangladesh.

In his speech, Qian said that China and Bangladesh are friendly neighbors which enjoy a profound traditional friendship.

Under the personal care of the leaders of the two countries, the two sides are carrying out fruitful cooperation in the economic, trade, scientific and technological fields and have supported each other and cooperated closely in international affairs, Qian said, adding that to develop friendly relations and cooperation with Bangladesh is "a firm policy of the Chinese Government."

"I am convinced that cooperation between us in all fields will further develop in depth and breadth with the concerted efforts of our two governments and people," the Chinese foreign minister said.

Qian also highly appraised Bangladesh's success in its economic development in the recent years and expressed the hope that trade relations between China and Bangladesh will be further strengthened. "The Chinese Government will encourage Chinese companies and enterprises to invest in Bangladesh," Qian said.

The Chinese foreign minister also appraised Bangladesh for its efforts to promote the development of the South Asian Alliance for Regional Cooperation.

XINHUA Told Pakistan Embassy in Kabul Closed

OW2502065494 Beijing XINHUA in English 0616
GMT 25 Feb 94

[Text] Islamabad, February 25 (XINHUA)—Pakistan temporarily closed its embassy in Kabul Thursday [24 February], one day after it was attacked by angry demonstrators in protest against the killing of three Afghan kidnappers in Islamabad by Pakistan commandos.

A Foreign Office spokesman, when contacted, told XINHUA today that all the staff has been evacuated from the embassy after Pakistan Foreign Minister Sardar Asif Ahmad Ali left Kabul Thursday.

"Nobody remains in the embassy in Kabul," he said.

Foreign Minister Sardar Asif Ahmad Ali, who paid a brief visit to Kabul on Wednesday and Thursday, is expected to give more details this afternoon at a press conference about his visit and the closure of the Pakistan's embassy in Kabul.

"The present condition of the chancery in Kabul is such that it cannot serve as a diplomatic mission till major repair and maintenance is carried out," said a foreign office statement.

On Wednesday, several embassy employees were beaten and part of the facility set on fire during a violent anti-Pakistan demonstration by hundreds of Afghans.

They protested against Monday's killing of the three armed Afghans who had hijacked a school bus and held over 70 children and teachers hostage, demanding ransom, food supply to Afghanistan and opening of Pak-Afghan border.

XINHUA Told 57 Palestinians Die in Jerusalem

OW2502112094 Beijing XINHUA in English 1101
GMT 25 Feb 94

[Text] Jerusalem, February 25 (XINHUA)—The death toll of the Palestinians in today's massacre in Hebron has reached 57 by 10:00 A.M., according to a special report faxed to XINHUA by JMCC, a Palestinian press service in east Jerusalem.

According to figures collected from the administrations of the hospitals in Hebron, 31 bodies reached Al-Ahli Hospital. Four were killed in front of the hospital during confrontations with the army.

An Israeli settler opened fire on Palestinian worshippers as they knelt for prayers in the Ibrahim Mosque in Hebron, south of Jerusalem, on the occasion of Ramadan.

Violent demonstrations erupted following the mosque massacre and more and more Palestinians were killed or wounded during the clashes between the outraged Palestinians and security forces.

The Israeli soldiers have besieged Al-Ahli Hospital with hundreds of people inside, and when demonstrations broke out, four Palestinians were shot dead.

Twelve bodies were brought to Alia Hospital and four bodies were moved to the Red Crescent in Hebron.

Six bodies were carried to Makassed Hospital in Jerusalem.

Israel Finances PRC Medical Equipment Imports

OW2402212594 Beijing XINHUA in English 2012
GMT 24 Feb 94

[Text] Jerusalem, February 24 (XINHUA)—The Israeli Bank Hapoalim announced today that it provided 5.5 million U.S. dollars to China for its medical equipment import from Israel.

This is the first financing deal of its type to facilitate the export of specialized Israeli medical equipment to China.

The bank will help finance China to import sophisticated medical electronic equipment from Israel's Mennen Medical Ltd.

Located at the Kiryat Weizmann Technology Park in Rehovot, Mennen is a manufacturer of computer-based monitoring systems used in cardiac intensive care units. It exports equipment to 40 countries with sales in 1994 expected to exceed 30 million dollars.

Bank Hapoalim, with 35.7 billion dollars in assets, maintains 350 branches in Israel and 15 foreign countries.

The bank established correspondent banking relations with major Chinese banks last year as a result of the visit to China by Chairman of the Board of Management Amiram Sivan.

West Europe

Jiang Zemin Meets Ericsson Company President

OW2502102794 Beijing XINHUA in English 1000
GMT 25 Feb 94

[Text] Beijing, February 25 (XINHUA)—Chinese President Jiang Zemin met with Lars Ramqvist, president and chief executive officer of the LM Ericsson International AB, [Sweden] and his party here this afternoon.

Jiang expressed his appreciation of Ericsson's long-time friendly cooperation with China in the fields of electronics and telecommunications.

He voiced the hope that Ericsson would continue to expand its cooperation with Chinese partners in electronics, telecommunications, high-tech and other fields.

Wu Jichuan, Chinese minister of posts and telecommunications, was present at the meeting.

Qiao Shi Receives French Senate President

OW2302133294 Beijing XINHUA in English 1316
GMT 23 Feb 94

[Text] Beijing, February 23 (XINHUA)—Qiao Shi, chairman of the Standing Committee of China's National People's Congress (NPC), expressed his hope here today that France would be a partner in China's economic development.

Qiao made the remarks when meeting with visiting French Senate President Rene Monory here today.

He said that though China's economy has developed rapidly over the past years but an overall development requires the efforts of several generations to come.

"So, we hope that France would be a very good partner in the development of China's economy and the two countries would strengthen bilateral cooperation in various fields," said Qiao.

He noted that this year is the 30th anniversary of the establishment of Sino-French diplomatic ties, and generally speaking, China and France have conducted effective cooperation during the past 30 years, but there were also difficulties and setbacks.

Now that the two countries have opened up a new page in their bilateral relations, Qiao Shi said, they should make concerted efforts to promote the development of such relations.

Qiao expressed the belief that that monory's visit, which precedes that to be made by French Prime Minister Balladur, would play a good role in strengthening Sino-French parliamentary relations and in the bilateral relations as a whole.

Monory said that the purpose of his visit is to strengthen mutual understanding and create a good atmosphere for Balladur's coming visit to China.

He said that he hopes the difficult period in the bilateral relations will come to an end soon and a harmonious atmosphere would prevail.

He also hoped that bilateral cooperation in economy, education, scientific research and other fields can be strengthened, so as to ensure a good fresh start in the bilateral relations.

The two sides exchanged views on international issues of common concern.

After the meeting, Qiao and his wife Yu Wen hosted a banquet in honor of the French guests.

Chen Muhua, vice-chairman of the Standing Committee of the NPC, was present at the meeting and the banquet.

Monory and his party will leave here for Shanghai tomorrow.

Zou Jiahua Receives Italian Visitors

OW2402145494 Beijing XINHUA in English 1413
GMT 24 Feb 94

[Text] Beijing, February 24 (XINHUA)—Chinese Vice-Premier Zou Jiahua met with Carlo de Benedetti, chairman and chief executive officer of the Olivetti Group of Italy, and his party here today.

Benedetti told Zou that his company intended to move its headquarters for the Asia and Pacific region to Beijing so as to further increase its investment here and intensify its cooperation with Chinese partners.

Zou expressed his appreciation of this, voicing the hope that Olivetti would conduct strengthened cooperation with the Chinese departments concerned.

Benedetti and his party are on a visit here as guests of the Beijing Han Wei Economic and Technical Development Corporation.

PRC To Import 'Slag-Tap Boilers' From Germany

OW2502143094 Beijing XINHUA in English 1342
GMT 25 Feb 94

[Text] Beijing, February 25 (XINHUA)—China is to spend 140 million U.S. dollars importing two slag-tap boilers from Germany for a power project in Tianjin.

According to a contract signed here this afternoon, the Deutsche Babcock Group will provide the equipment for the Yangliuqing Power Plant Project, which is designed to ease the shortage of power supply in the areas of Beijing and Tianjin.

Purchasers of the boilers are the China National Technology Import and Export Corporation and the Huaneng Power Generation Corporation, which will use a mixed German loan.

Babcock, a major world boiler producer, also agreed to sell four boilers to the Gaobeidian Power Project in Beijing last year.

Prior to the signing ceremony, Chinese Vice-Premier Zou Jiahua met with both Chinese and foreign representatives attending the ceremony in the Great Hall of the People.

PRC, EC To Continue To Boost Trade

OW2402113994 Beijing XINHUA in English 1104
GMT 24 Feb 94

[Text] Beijing, February 24 (XINHUA)—Trade between China and the European Community (EC) will continue to grow this year as bilateral trade volume last year reaching a record high of 26.1 billion U.S. dollars, according to an official of China's Ministry of Foreign Trade and Economic Cooperation (MOFTEC).

The official said that EC Commissioner Sir Leon Brittan is scheduled to arrive here on Saturday [26 February] to

attend the 13th Sino-EC joint commission on trade and economic cooperation and he will also hold talks with MOFTEC Minister Wu Yi.

They are expected to touch on issues of bilateral economic and trade relations and new ways to further expand cooperation.

The official said that China attaches importance to its imports from the EC and the import volume has been on the rise during the past few years, with last year's trade volume hitting 14.4 billion U.S. dollars.

He especially mentioned that between 1991 and 1993 China sent three purchasing delegations to Europe.

China purchased as much as 6 billion U.S. dollars worth of goods in 1993 alone, mostly technical equipment.

However, he pointed out, the expansion of China's imports from Europe is limited by the quota restrictions on China exports to Europe and the discriminatory moves in protecting the European market.

Last year, China had a trade deficit of nearly 3 billion U.S. dollars with Europe, he said. Traditional items, including textiles, light industry goods, local and live-stock products and grain and edible oils, remain the major commodities of China's exports to Europe.

In recent years, with the increasing inflow of foreign capital to China, light industrial products take a larger share in the exports to the EC, he said.

During the meeting of the Sino-EC joint commission of trade and economic co-operation, the two sides will hold consultations on the restoration of China's signatory party status in GATT, he said. This is the first time China and the EC will have exchanged views on China's re-entry into GATT.

The official hoped that the EC could reach an agreement on China's restoration protocol as soon as possible.

It is known that there are the basis and wishes on both sides to develop bilateral economic and trade relations.

From 1979 to 1993, the EC's contracted investments in China amounted to five billion U.S. dollars, 40 percent of which had been poured into the productive fields of automobiles, telephones, glass and medicine.

Though the EC's investment in China is smaller than those from the U.S. and Japan, it increased rapidly in the past few years, and some large enterprises, in particular, strengthened their involvement in China.

The official welcomed the EC countries to invest in China, and said that China will provide favorable conditions for their business activities.

Hong Kong 'Factor' in Failed UK Contract Bid

HK2502093194 Hong Kong SOUTH CHINA
MORNING POST in English 25 Feb 94 p 20

[By Daniel Kwan in Guangzhou]

[Text] Soured relations between Britain and China over Hong Kong's political future was only a minor factor behind British companies' failure in their bids for the Guangzhou subway contracts, a senior Guangzhou official said yesterday.

Ou Guangquan, chairman of Guangzhou Urban and Rural Construction Commission, denied that British companies had been penalised by Beijing for the British Government's stance over Hong Kong.

Guangzhou last month awarded the city's subway contracts to German companies which had strong backing from the German Government.

Mr Ou whose commission oversees the city's urban construction projects said economy, not politics, was the deciding factor.

"Our key consideration is whether their products are competitive in price and quality and delivery terms," he said.

The Germans were chosen, Mr Ou said, because of their Government's soft loans which carried a lower interest rate and longer repayment period than those provided by their competitors.

And British companies, the chairman added, still had an equal chance in competing in the eight remaining Guangzhou subway contracts which carried a total value of about U.S.\$200 million (HK\$1.54 billion).

These contracts covered the supply of electrical equipment, communications, power transformation, elevators and ticketing systems.

According to Mr Ou, the Government would soon announce the winners of the remaining contracts. So far, companies from Britain, U.S., Japan, Italy and Germany have submitted bids.

"We will make a decision (on these contracts) in the first half of this year," the chairman said.

Meanwhile, Mr Ou yesterday outlined an ambiguous (as published) transport plan for the South China metropolis including the second phase subway project and a connecting light-rail system.

After completion, the three networks will have a combined daily transport capacity of 1.2-1.5 million passengers.

According to Mr Ou, Guangzhou will likely finance the phase II subway construction and the light-rail network through land sale and soft loans provided by foreign governments.

While the light rail system will cost about three billion yuan (HK\$2.66 billion), cost figures for the phase II subway were not available yet.

On a related subject, Mr Ou confirmed that the municipal Government would begin negotiations with the Army and aviation authorities over the future use of the land where Guangzhou Baiyun airport is located.

Guangzhou Government announced last year that it would build a new international airport at Huadu City to replace the heavily-congested Baiyun airport.

According to Mr Ou, negotiations have not yet started because the central Government has yet approved [as published] the new airport plan.

"I am confident that the army and municipal Government will reach a deal over the land," said Mr Ou.

Defense University Delegation Leaves for Portugal
OW2502044094 Beijing XINHUA in English 0425
GMT 25 Feb 94

[Text] Beijing, February 25 (XINHUA)—A delegation of the University of National Defence of the People's Liberation Army, led by General Zhu Dunfa, president of the university, left here by air this morning for a friendly visit to Portugal.

East Europe

XINHUA Interviews Karadzic on Bosnian Events
OW2302142394 Beijing XINHUA Domestic Service in Chinese 0410 GMT 23 Feb 94

[By reporters Yang Chengming (2799 2052 2494) and Jiang Yaping (3068 0068 1627)]

[Text] Pale, 22 Feb (XINHUA)—In an interview with reporters of XINHUA NEWS AGENCY in his office on the afternoon of 22 February, President Karadzic of the "Republic of Serbia" in Bosnia-Herzegovina emphatically noted: The protracted civil war in Bosnia-Herzegovina has brought great disasters to people of various nationalities, and Bosnian Serbs are determined to achieve final peace through political negotiations.

Speaking on the NATO ultimatum about air strikes at Bosnian Serbs' positions, he said: "This is a shameful act of the Western countries to practice power politics and show off their military forces to small nations."

Speaking on the bloodshed in Sarajevo on 5 February, Karadzic said: It was "created by Islamic jihad warriors from abroad," who attempted to put the blame on somebody else. He maintained that the bloodshed "had damaged the process of peace talks for Bosnia-Herzegovina"; "it was a base action against not only Serbs but also Muslims."

Karadzic continued to stress: The civil war in Bosnia-Herzegovina has so far claimed over 200,000 lives, produced millions of refugees, and caused more than \$100 billion in material damages, pulling the economy of the area back to the level of several decades ago. He believed that the Bosnian war could be ended if the international community treats all sides of conflict equally.

Karadzic said he was grateful for the Chinese Government's principled stand of firmly opposing foreign military intervention in Bosnia-Herzegovina and advocating a resolution to the Bosnian crisis through political negotiations. He felt that the Chinese mass media have fairly and objectively reported the civil war in Bosnia-Herzegovina and have fully respected the facts.

XINHUA Reports Bosnian Muslim, Croatian Cease-Fire

OW2402124594 Beijing XINHUA in English 0737
GMT 24 Feb 94

[Text] Belgrade, February 23 (XINHUA)—A ceasefire agreement signed by Bosnia Muslim Commander Rasim Delich and Croatian Commander Ante Roso in Zagreb tonight will become effective at 12 a.m. February 25.

Under the agreement, the two sides will end hostilities in all disputed areas of Bosnia-Herzegovina and the U.N. peacekeeping force will be deployed to supervise implementation of the ceasefire.

Slovak Prime Minister Ends Visit

OW2402145194 Beijing XINHUA in English 1414
GMT 24 Feb 94

[Text] Shanghai, February 24 (XINHUA)—Visiting Slovak Prime Minister Vladimir Meciar has wound up his five-day China visit and left here by air today.

He came to China at the invitation of Chinese Premier Li Peng. He arrived here from Beijing on Tuesday.

Meciar met with entrepreneurs from both China and Slovakia who are attending Sino-Slovak trade talks and introduced his country's policies concerning investment, economics and trade.

He visited the Shanghai Stock Exchange, the Yangpu bridge, the Pudong New Area, the Jinqiao Export Processing Zone and the Waigaoqiao free trade zone.

Latin America & Caribbean

Zhu Rongji Receives New Brazilian Ambassador

OW1802111494 Beijing XINHUA in English 1014
GMT 18 Feb 94

[Text] Beijing, February 18 (XINHUA)—Chinese Vice-Premier Zhu Rongji met here today with Franco Augusto de Medicis, newly-appointed Brazilian ambassador to China.

Chinese Vice Foreign Minister Liu Huaqiu was present at the meeting.

Rong Yiren Receives Inter-American Bank Head

OW2202095594 Beijing XINHUA in English 0926
GMT 22 Feb 94

[Text] Beijing, February 22 (XINHUA)—Chinese Vice-President Rong Yiren met with Enrique V. Iglesias, president of the Inter-American Development Bank (IDB), and his party here today.

Rong briefed the guests on China's economic development since the country launched its reform and opening-up more than a decade ago and particularly in recent years.

Iglesias expressed appreciation of China's great achievements in the past 15 years and voiced the hope that the economic and trade ties between China and the Latin American countries would be further expanded.

The two sides also exchanged views on the further expansion of cooperation and China's linking up with IDB.

Iglesias arrived in China on February 20 at the invitation of the People's Bank of China.

IDB is the oldest regional inter-governmental bank, with the largest business volume and capital. It has played an important role in promoting economic development and social progress in Latin American countries.

Iglesias' visit here, wound up this afternoon, has strengthened the mutual understanding and existing friendship between China and IDB, said sources from the People's Bank of China.

Paraguay Senate Delegation on 'Goodwill' Visit

Delegation Arrives 18 Feb

OW1802151794 Beijing XINHUA in English 1442
GMT 18 Feb 94

[Text] Beijing, February 18 (XINHUA)—A delegation from the Foreign Affairs Committee of Paraguay's Senate arrived here this afternoon for a goodwill visit to China.

The delegation, headed by Carlos Alberto Gonzalez, chairman of the Foreign Affairs Committee, are here as guests of the Foreign Affairs Committee of the Chinese National People's Congress (NPC).

Paraguay is the only country in South America that has so far no diplomatic ties with China.

In a meeting with Zhu Liang, chairman of the NPC's Foreign Affairs Committee, Gonzalez said the delegation, composed of members of the main political parties in the senate, was here to learn about China's economic,

cultural and other developments and for its members to deepen their knowledge of the country.

He noted that Paraguay received with pleasure a NPC delegation last year and that the contact laid a basis for the development of relations between the two countries.

He expressed the belief that the current visit would help to promote the development of these ties.

Zhu voiced his satisfaction with the increasing contact between the two countries in recent years, adding that China attaches importance to the development of its ties with Paraguay.

Both China and Paraguay are developing countries and faced with the common task of maintaining world peace and developing national economies, Zhu said.

He expressed the hope that the current visit would be conducive to the development of the relations between the two parliaments and the two countries.

Meets Li Lanqing

OW2102022494 Beijing XINHUA in English 0158
GMT 21 Feb 94

[Text] Beijing, February 21 (XINHUA)—Chinese Vice-Premier Li lanqing met here today with a delegation from the Foreign Affairs Committee of the Senate of Paraguay headed by Committee Chairman Carlos Alberto Gonzalez.

The visitors arrived here last Friday [18 February] as guests of the Foreign Affairs Committee of China's National People's Congress. They are also scheduled to visit the cities of Xian, Shenzhen and Shanghai.

Received by Qiao Shi

OW2102135094 Beijing XINHUA in English 1233
GMT 21 Feb 94

[Text] Beijing, February 21 (XINHUA)—China's top legislator Qiao Shi said here today that China is willing to develop friendly cooperative relations with all Latin American nations on the basis of the Five Principles of Peaceful Co-existence.

Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, made the remark in meeting with a delegation from the Foreign Affairs Committee of the Senate of Paraguay, which is headed by Committee Chairman Carlos Alberto Gonzalez, here at the Great Hall of the People this afternoon.

Paraguay is the only country in South America that has not established diplomatic relations with China, and the delegation is the first one to visit China at the invitation of the NPC Foreign Affairs Committee since the founding of the People's Republic of China.

According to an NPC official, the two sides, in a "cordial and friendly atmosphere", exchanged views on further

developing relations between the two countries, especially on the strengthening of bilateral economic and trade ties.

During the meeting, Qiao briefed the guests on the situation of China's current reforms, opening up and economic development, as well as China's policies concerning foreign affairs.

Gonzalez expressed his appreciation over China's reforms and policy of opening to the outside, adding that though Paraguay and China have big differences in terms of population and territory, both are developing countries with agriculture as their foundation. Therefore, he added, China's experiences are useful to Paraguay.

Both Qiao and Gonzalez expressed the hope that the parliaments of the two countries will keep long-term exchanges.

Gonzalez and his party arrived here last Friday (18 February). Besides Beijing, they are also scheduled to visit the cities of Xian, Shenzhen and Shanghai.

International Trade Delegation Visits Panama
OW0702091094 Beijing XINHUA Domestic Service in Chinese 0233 GMT 1 Feb 94

[By reporter Wang Shubo (3769 2885 2672)]

[Text] Panama City, 31 Jan (XINHUA)—A delegation of the China Council for the Promotion of International Trade [CCPIT], led by CCPIT Vice Chairman Xie Jianqun, visited Panama from 27 to 31 January.

The CCPIT delegation is visiting Panama at the invitation of the Panamanian Asthmus Finance Group. Panamanian Government and Justice Minister John Chevalier attended a luncheon held by the Panamanian Asthmus Finance Group in honor of the Chinese delegation, and conversed with delegation head Xie Jianqun.

During its stay in Panama, the delegation visited organizations including the Panamanian Foreign Trade Association, a government organization, and the Panamanian Chamber of Commerce, a private enterprise organization. The delegation explored issues on ways to develop bilateral trade with relevant responsible personages.

After ending its visits to Mexico and Paraguay, the CCPIT delegation arrived in Panama. Tomorrow it will leave for Honduras to continue its visits.

Political & Social

Jiang Zemin, Li Peng Celebrate Lantern Festival
OW2402153094 Beijing XINHUA in English 1510
GMT 24 Feb 94

[Text] Beijing, February 24 (XINHUA)—President Jiang Zemin and other top Chinese leaders tonight attended a reception to mark the traditional Lantern Festival together with 200 representatives of the intellectual lights of Beijing.

The other leaders were Premier Li Peng, Qiao Shi, chairman of the Standing Committee of the National People's Congress, Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference, Liu Huaqing, vice-chairman of the Central Military Commission, Hu Jintao, a Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, and Vice-President Rong Yiren.

On behalf of the party Central Committee, Hu Jintao extended festival greetings to intellectuals all over China and expressed thanks for their contributions to the country's reforms, opening up and modernization drive.

He expressed the hope that, guided by Deng Xiaoping's theory of building socialism with Chinese characteristics and led by the party Central Committee headed by Jiang Zemin, Chinese intellectuals will make still greater contributions to the prosperity and development of such areas as arts and literature, science and technology, education, theoretic research and journalism.

He also wished China greater vitality and prosperity.

While enjoying a melody played on the pipa (a plucked string instrument with a fretted fingerboard), Jiang said, "The pipa is our national artistic form and we should carry forward the tradition of our national arts."

While listening to the song entitled "The Guerrilla Song," the leader said, "this is an immortal piece of work."

Wei Jianxing Attends Discipline Commission Meeting

OW2502120294 Beijing XINHUA in English 1123
GMT 25 Feb 94

[Text] Beijing, February 25 (XINHUA)—China will further step up the fight against corruption so as to guarantee reforms, development and social stability, a senior official of the Chinese Communist Party said here today.

This year's anti-corruption drive will be more firmly and thoroughly carried out, said Wei Jianxing, secretary of the Party Central Commission for Discipline Inspection.

Wei, also a member of the party's Politburo and Secretariat, made the remarks at the opening of the commission's third plenary session, which lasts for a week.

He said that leading officials at and above county (division) levels must strictly follow the rules concerning the building of a clean government made by the party Central Committee and the State Council.

At today's session, the Central Commission for Discipline Inspection set a package of five requirements for leading officials to keep clean and honest:

- No-one is allowed to violate regulations and buy or change to imported and luxury cars, or use power to change with and borrow cars from subordinate enterprises and units, or collect money from them for buying cars; it is not allowed to buy cars for leading officials with loans, money gathered from people and funds for special projects; party and government administrations and units above county level which still owe wages to staff are not allowed to buy cars.

- No-one is allowed to run against the regulations of the State Council on reforming the housing system and buy houses at prices lower than promulgated, or use power to provide preferential treatment for spouses, children, relatives or friends, or decorate private houses lavishly with public funds.

- Leading officials should attend domestic public activities in a simple manner; their accommodation should not exceed the local criteria for reception and no special dance parties should be organized for them.

- No-one is allowed to organize lavish activities and spend without restraint at occasions of marriage, funeral, change of jobs, birthday and moving to new housing, either for oneself or family members. Using public money and materials for such activities or earning money through these occasions are especially forbidden.

- No-one is allowed to mis-use power and refuse to return public money, or buy or build houses with public money for oneself, relatives and friends, or engage in profitable activities.

Addressing the meeting, Wei Jianxing said that China has made big headway in the struggle against corruption since the holding of the second plenary session of the commission last August.

However, he pointed out, the fight against corruption remains a protracted and arduous task that should be unremittingly carried on.

He said investigation into and crack-down on major cases involving corruption of leading officials at various levels will still be put on top of the agenda in 1994. The commission will know [as received] to the public typical cases of corruption.

Efforts will be made further to check unhealthy tendencies of random collection of fees and using public money for overseas tours.

Problems such as officials and employees acquiring cars and computers through unfair means will be probed, while burdens of farmers will be further alleviated.

While stepping up the fight against corruption, Wei said various discipline inspection bodies should strengthen supervision over enforcement of the law.

Guangdong Urged To Stay Out of Hong Kong Issue

HK2202073894 Hong Kong HONGKONG STANDARD in English 22 Feb 94 p 1

[By China editor Cary Huang and political editor Mary Binks]

[Text] A senior official from China's top advisory body and once the most influential regional leaders has urged local officials in Guangdong to keep a low profile in the Sino-British row over Hong Kong—expected to reach a new pitch this week. Ye Xuanping, the executive vice-chairman of the Chinese People's Political Consultative Conference [CPPCC], urged local officials in the southern province to keep out of the row for economic reasons. He urged them to concentrate more on solidifying economic exchange and cooperation with neighbouring Hong Kong, according to Chinese sources.

The central government has taken a hard line against the decision by Britain to unilaterally implement political reform in Hong Kong. It has vowed to dismantle the territory's three tiers of government in 1997 if the reforms proceed. The threat has created apprehension in neighbouring Guangdong over possible economic ramifications.

This will intensify today as Hong Kong's Executive Council sanctions a decision by Governor Chris Patten to implement the remainder of his constitutional reforms. Later this week, Britain will also issue its account of the Sino-British negotiations reinforcing an end to cooperation on political reform. Tomorrow legislators are expected to pass the first stage of the constitutional reform package, to be followed by the gazetting of the remainder of the reforms on Friday [25 February].

By highlighting the importance of economic cooperation between the two neighbouring regions in his recent meetings with local officials, Mr Ye attempted to persuade local officials to side-step the Sino-British controversy over constitutional reform and airport financing. The former provincial governor said close commercial relations between the two neighbours were not only crucial for Guangdong's economic development but also contributed significantly in easing the transition of sovereignty from Britain to China in 1997.

Mr Ye was concerned that the ongoing Sino-British quarrel would jeopardise economic ties between the two communities and urged local leaders not to join the chorus to fuel the row. The Sino-British dispute was a diplomatic affair between the sovereign governments of Beijing and London, and relations between Guangdong and Hong Kong was a commercial one between two local communities, Mr Ye was quoted as telling officials.

Guangdong sources said Mr Ye was disappointed with some local officials' comments on the Sino-British row and was concerned about its effect on the development of the local economy, which was becoming intertwined with that of Hong Kong. Mr Ye was also apparently trying to prevent local officials passing resolutions or issuing public statements on the Sino-British dispute during the ongoing provincial legislative session, one Guangzhou-based analyst said.

Article Views Cherishing Yanan Spirit

HK2302135794 Beijing RENMIN RIBAO in Chinese 17 Feb 94 p 3

[Article by Ma Wenrui (7456 2429 3843), president of China Society for Studying the Yanan Spirit: "The Times Need the Yanan Spirit, People Call for the Yanan Spirit"]

[Text] We all know that it was Comrade Mao Zedong who cultivated the Yanan spirit and sowed its seeds in the whole country, turning them into flowers and fruits. Therefore, in today's time of great change, upholding and developing Mao Zedong Thought and fostering the Yanan spirit is of extreme importance to the great undertaking of building socialism with Chinese characteristics.

At present, the CPC Central Committee calls on the whole party to vigorously foster the main melody of our times. What is the main melody? It is Marxism-Leninism, Mao Zedong Thought, Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, patriotism, collectivism, socialism, the dedicated spirit of the masses in the process of reform and modernization, the traditional virtues of the Chinese nation, and the outstanding revolutionary traditions created by the communists in the course of revolution and construction, including, of course, the Yanan spirit. Central leading comrades have said that grasping this main melody, emphasizing this main melody, and loudly singing this main melody can better inspire the people's enthusiasm, enhance the fighting spirit among the masses, concentrate the strength of the nation, arouse vigor in society, and push the times forward. We wholeheartedly support the decision by the CPC Central Committee, respond with all our strength to its call, and join the choir in singing the main melody to sing Yanan spirit more loudly, more clearly, and more forcefully. "We must publicize, restore, and develop the Yanan spirit (speech by Comrade Deng Xiaoping in 1980)," and let the "Yanan spirit shine forever," (words written by

Comrade Jiang Zemin in 1990), and this is the purpose and goal of the struggle of the China Society for Studying the Yanan Spirit. Comrade Deng Xiaoping pointed out in his speech, entitled "Implement the Principle of Adjustment, Ensure Stability and Unity," which he delivered on 25 December 1980, that "we must publicize, restore, and develop the Yanan spirit, the spirit we had shortly after the liberation, and the spirit with which we overcame difficulties in the early 1960's. We must first have confidence ourselves, then we can gather the masses and educate them on enhancing confidence." Along with reform, opening up, and the sustained, rapid, and healthy development of socialist economic construction, when we review these words today, we can more clearly see that situated in the initial stage of socialism, and at the time of changing the old economic system into a new one, we must develop the Yanan spirit all the more vigorously.

The theory and practice of building a socialist market economy is a major breakthrough in the traditional concept and model, a great development of Marxism and Mao Zedong Thought, a very difficult and arduous undertaking never tried by our predecessors, and a brand new topic in the history of the development of our country. It requires us to inherit and develop the spirit of emancipating the mind and seeking truth from facts. The development of a socialist market economy is for the country's prosperity and affluence. Our country has limited strength, a weak foundation, and many difficulties, and this requires us to continue to inherit and develop the pioneering spirit which is characterized by independence, self-determination, self-reliance, hard struggle, willingness in spite of difficulties, diligence, frugality, being uncorrupt and law abiding, carrying out vigorous efforts in administration, and selfless dedication.

We should launch activities among young people, and take this as the key point of our work, passing on the Yanan spirit from one generation to the next. According to the CPC Central Committee's strategic arrangement, our country's national economic development should reach the third goal of struggle to basically realize socialist modernization by the middle of the next century, that is, by the time of the 100th anniversary of the nation's founding. History determines that the realization of this grand blueprint and undertaking, which faces the whole party and the people of various nationalities in the whole country, rests on the century-spanning youths and their descendants. With what kind of spirit will they meet this historical mission? Can they properly take over the job of upholding the party's basic line unswervingly for 100 years and ensuring long-term peace and order in the country? Can they ceaselessly promote the great undertaking of building socialism with Chinese characteristics and maintain a sustained, rapid, and healthy development of it? Can they play an exemplary role and educate their offspring in struggling for the great ideals of communism in the generations to come? This is a big matter which has a bearing on the future and fate of our

party, country, and nation. Grasping this strategic duty, we must coordinate closely with the relevant party and government departments and with the relevant groups of the masses, to help the broad masses of young people to gradually build up great faith and ideals when they carry out the solemn historical mission, to establish a correct outlook on life and the world, to inherit and develop the party's excellent traditions, to change their own subjective world when they change the objective world, and to grow up as socialism-building successors who have ideals, morals, culture, and discipline.

We must care for clean government building, oppose corruption, and vigorously preach the noble Yanan spirit, which is characterized by being clean, law abiding, and selfless in dedication. Comrade Deng Xiaoping said: "We have scored quite a result in economic construction, and the situation is gratifying, and this is our country's success. But if the social atmosphere continues to deteriorate, then what is the point of economic success? A change of nature will take place in another area and then induce a change of nature in the whole economy, and such a development will lead to a world of rampant corruption, theft, robbery, and bribery." He also pointed out: "We struggle for socialism, not only because socialism has the conditions for developing the productive forces more rapidly than capitalism, but also because only socialism can eliminate the greed, corruption, and unfair phenomena inevitably produced by capitalism and other systems of exploitation." Indeed, this is an issue which has a bearing on our offspring, on communist ideals and faiths, on the inheritance of good traditions from the party and the nation, on the quality and hopes of the Chinese nation, on whether achievements made by hundreds of thousands of revolutionary martyrs can be consolidated and developed, and on whether socialism can be upheld and developed under the current world pattern. These sincere words and earnest wishes of Comrade Deng Xiaoping, a long-tested proletarian revolutionary of the older generation as well as the creator and architect of the theory of building socialism with Chinese characteristics, merit our deep thinking! Since the Third Plenary Session of the 11th CPC Central Committee, in the process of reform and opening up and socialist economic construction, Comrade Deng Xiaoping has time and again instructed us to do two kinds of work simultaneously, and equally firmly. What is the reason for the frequent deviations? This is a question which merits deep thinking.

Since last summer, the central leadership has made decisions and clear arrangements to launch the struggle against corruption and for clean government; it said the struggle would be grasped for a long time and spiritual civilization construction must really become solid. The central leadership's determination has encouraged the whole party and the whole people and has fostered confidence in anticorruption and clean government. It is believed that under the leadership of the CPC Central Committee which has Comrade Jiang Zemin as the core, problems will be solved step by step, and, in fact, some

problems are being solved. In order to solve these problems, the whole party and people in the whole country will surely make the biggest efforts. In this area, we should have confidence and view it as an important duty of our own, we must do various tasks in society well and propose various constructive ideas, and, under the party's leadership, enthusiastically serve the purpose of anticorruption, clean government building, and correction of party work style. Our party's excellent traditions, especially the Yanan spirit, can play an active role in combating various kinds of corrupt phenomena and unhealthy practices.

The three major work styles cultivated by Comrade Mao Zedong and the proletarian revolutionaries of the older generation, that is, linking theory to practice, fostering close ties with the people, and criticizing and accepting criticisms, are the three magic weapons ensuring that our party's purpose of wholeheartedly serving the people can materialize, as well as the main sign distinguishing our party from any other political party. The China Society for Studying the Yanan Spirit must look at how we can develop the party's three major work styles and overcome various kinds of healthy practices within the party. When these three major work styles are on the rise, the party will become prosperous, and this should be the irrefutable truth.

Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics has also integrated the universal truth of Marxism with the actual conditions of our country, followed our own road, and revealed the true rationale for building socialism with Chinese characteristics; it is a model for inheriting and developing Mao Zedong Thought. The theory of building socialism with Chinese characteristics will surely lead the Chinese people to completely cast off poverty and build the country into a strong, prosperous, and modern nation. The publishing of Volume Three of the Selected Works of Deng Xiaoping has provided good conditions for us to profoundly and systematically learn from and understand Comrade Deng Xiaoping's theory. Only by thoroughly grasping this scientific theory, can we do a good job in inheriting and developing the Yanan spirit and make our own contributions to building a socialist undertaking which has Chinese characteristics.

Domestic Airlines Receive Seven New Boeing Jets
OW2502063194 Beijing XINHUA in English 0617 GMT 25 Feb 94

[Text] Beijing, February 25 (XINHUA)—China's domestic airlines have received seven new U.S.-made Boeing passenger planes so far this year.

Sources from the China Aviation Suppliers Corporation said of the seven planes three Boeing-737s went to China Southern Airlines (Group), one Boeing-737 to Xinjiang Airlines, and another to central China Airlines; Southwest Airlines received a Boeing-757 while Air China (Group) received a Boeing-747. So far air China (Group) has bought seven Boeing-747 passenger planes.

Last year China added 71 passenger planes, of which 47 were boeings. At the same time the China Aviation Suppliers Corporation signed agreements with foreign companies for buying or leasing 104 planes, which will be delivered between this year and 1998.

RENMIN RIBAO To Publish Local Editions
OW2502033894 Beijing XINHUA in English 0250 GMT 25 Feb 94

[Text] Beijing, February 25 (XINHUA)—With the approval of the Central Committee of the ruling Communist Party of China (CPC), the "PEOPLE'S DAILY", [RENMIN RIBAO] China's leading national newspaper, is to publish local editions.

The newspaper today quoted its director Shao Huaze as saying that, as a first step, the east China edition of the newspaper is to be published in Shanghai as of January 1, 1995.

Publication of the local editions is aimed at publicizing in a more timely fashion the principles and policies of the CPC and transmitting information about local economic and social development more fully, Shao explained.

He revealed that Jiang Zemin, general secretary of the CPC central committee, and other members of the Standing Committee of the Political Bureau of the CPC Central Committee have all given important instructions on further improving the newspaper, the organ of the CPC Central Committee.

Military

Test Flight Pilot Handles 'Stalling Spiral'
OW2402142894 Beijing XINHUA in English 1118 GMT 24 Feb 94

[Text] Xian, February 24 (XINHUA)—The problem of a stalling spiral, which had been taboo in test flights and flight training for the Chinese Air Forces, was recently tackled by 37-year-old Lu Jun, a test flight pilot of the Aviation Industries of China.

Lu's success filled a blank page in the history of the Chinese aviation industry, according to experts of the Test Flight Research Institute of China.

When a stalling spiral happens, an airplane stalls in mid-air and drops spinning at an accelerating speed, which leads to a crash.

For decades, the test has not been tried on advanced Chinese-made fighters. But Lu Jun took on the task last December, and succeeded in 78 stalling spirals during 21 flights in a new type of Chinese-made airplane at an altitude of 11,000 m.

Lu has test-flown airplanes of ten models in three kinds in the past.

Scholars Propose Ban on Military Businesses

HK2302145194 Hong Kong LIEN HO PAO in Chinese
17 Feb 94 p 10

["Special dispatch" from Beijing by the Mainland News Center: "Mainland Academics Call for Strict Prohibition of Army Units Engaging in Business"]

[Text] Recently, many mainland scholars have successively issued appeals, demanding that the authorities strictly prohibit the Armed Forces from doing business and using tax revenue to support the Armed Forces. Some scholars even pointed out that it was a serious mistake for the government to allow the Armed Forces to do business, and this might bring certain hidden dangers for mainland China.

Whether the Armed Forces should be supported by state finances and whether the Armed Forces should be engaged in business operations are undisputed questions in modern countries. However, such questions are controversial in mainland China.

The scholars held: The Armed Forces can only be "fed" with the state's military budget and should be supported with the state's tax revenue, and they must not be allowed to engage in business. National defense is public property that can neither be divided nor sold on the market; instead, it must be kept by the government (mainly by the central government). In a modern country, the government levies mandatory taxes and provides public property through arranging public expenses, especially national defense expenses. "Supporting the armed forces with tax revenue" is international practice. For example, in the United States, the armed forces are strictly prohibited from doing business, still less are they allowed to join hands with local governments to run all sorts of profit-making industries. This thus ensures the non-commercialization and non-localization of the armed forces. At present, only in a very small number of countries, such as Indonesia and Thailand, are there business companies run by the armed forces. There, corruption in the armed forces is notorious. The armed forces have become special interest groups with their own political, economic, and military interests independent from the state's interests. International experience shows that allowing the armed forces to engage in business operations is to turn on a green light for corruption in the armed forces.

Since the 1980's, the Armed Forces in mainland China have been deeply involved in business activities on a large scale. At present, the three services, the three general headquarters departments, all the field armies, and all the military regions and provincial military districts have set up their own business companies without exception. These companies are making profits to compensate for serious deficiencies in the military budget. As a result, the Armed Forces have been rapidly commercialized and localized, and corruption in the Armed Forces has become increasingly serious. Military cadres are also unhappy with such phenomena.

Many investigations show that, in mainland China, the business operations of the Armed Forces have developed to the degree of their going beyond the authorities' control. Some military units use planes with special passes to transport products which should be brought under the strict control of the state, naval units have used their ships to engage in smuggling activities on the high seas, and some units have even been involved in the international underground arms trade. Such facts deeply worry mainland leaders, who found it necessary to ask the scholars to work out some urgent countermeasures.

A national situation analysis report drafted by a group from the Chinese Academy of Sciences put forth five major proposals:

- Strictly prohibit the Armed Forces from engaging in business operations, and suspend all sorts of business companies run by the Armed Forces or with the participation of the Armed Forces, including military-run farms. Assets may be transferred or auctioned. The Armed Forces must not be allowed to participate in various profit-making activities in civilian communities, and military units must not be allowed to accept any gifts or allowances given by local governments or civilian institutions.
- Substantially increase the military budget and support the Armed Forces with tax revenue. It is necessary to greatly increase the central government's financial capacity in order to feed the Armed Forces, the Police Force, officialdom, and teaching staff. The expenses of the Armed Forces should come completely from the government's financial appropriations, which should be sufficient to maintain the normal operations of the Armed Forces in peacetime. That is, the actual income of troops should increase at a rate slightly higher than the growth rate of average income of all people throughout the country so that the troops have sufficient money to maintain their weapons and equipment, quicken the depreciation and modernization of their equipment, and to arrange military training. In wartime, special appropriations should be made to make up for deficiencies in the military budget.
- Part of national defense public property should be produced through the market. Being the most important part of public property, national defense should be provided by the central government. However, some national defense materials may be produced by civilian manufacturers through the market. For example, military rations, medicines and medical equipment, clothing and other supplies, military airports, roads, and some buildings, instruments can be ordered by the military from civilian suppliers, and the orders may be placed through the invitation of tenders. The Armed Forces do not need to effect "self-sufficiency" in such materials.
- Most military industrial enterprises should be separated from the regular military establishment so that the Armed Forces can streamline their non-combat

parts. Only a very small number of highly confidential and key military industrial enterprises will remain inside the military establishment. Similar practices should also be adopted among scientific research institutes serving military purposes. A ministry of military industry could be set up under the State Council on the basis of the existing State Commission of Science, Technology, and Industry for National Defense. It would specialize in arranging the development and production of weapons and military equipment, and the Armed Forces would become the buyer of such products. Under the conditions of a market economy, the new model should be that the central government spends money to keep the Armed Forces, the Armed Forces place orders and buy what they need, and the ministry of military industry arranges production. As for nonweapons materials and supplies, the Armed Forces should place orders with civilian manufacturers through the invitation of tenders.

—Redefine the tasks of the Armed Forces, and reduce excessive nonmilitary expenditure and burdens borne by the Armed Forces. The Armed Forces should not take part in various productive and business activities in the market, still less should they be engaged in activities of reaping staggering profits or reaping illicit gains, such as through smuggling cars, selling arms, running luxurious hotels, and speculating in real estate. The Armed Forces should not be involved in local economic construction and turned into a low-cost labor force. This may also increase extra financial burdens on military units and affect the military training of troops.

In the eyes of the scholars, the five proposals are completely correct, but they mean that major changes would have to be made in the sources of mainland China's military expenditures. First, it is not known whether the central government would be able to pay such a huge military bill; second, it is not known whether some people who are used to doing business by taking advantage of the Armed Forces' privileges are willing to give up such enviable benefits. All this causes people to worry about the fate of the report.

Commentator's Article Views 'Heroic' Soldier
HK2402121894 Beijing RENMIN RIBAO in Chinese
18 Feb 94 p 1

[Commentator's article: "Learn From Xu Honggang"]

[Text] Xu Honggang, the name of a common soldier in the People's Liberation Army, has now spread among more and more people. A squad leader in a communications company in the Jinan Military Region, Xu Honggang bravely stepped forward and fought heroically against four odious thugs armed with knives at a critical time when people's lives and property were in serious danger. Even while suffering from 14 knife wounds, he still jumped off a long-distance bus and chased the thugs

until he fainted. With a heroic deed of not fearing evil and being ready to take up the cudgels for a just cause, he has set a good example for us to follow.

What is equally praiseworthy, while Xu Honggang was suffering from serious wounds for the sake of the masses, some comrades in Junlian County Taxation Bureau, including Zhan Benfang, together with cadres and masses from Junlian, Yibin, and Shengchi, spared no effort to save him. In saving this hero, cherishing love for this hero, and emulating this hero, they performed a great deal of touching deeds causing the song of justice written by this hero to reverberate louder and louder. All this not only suggests that at a time when we are carrying out reform and opening up and establishing the socialist market economic structure, the fine tradition of the Army loving the people and the people supporting the Army is still thriving across Chinese soil; this all the more indicates that the virtue of being ready to take up the cudgel for a just cause has been inherited by most Chinese descendants.

The report RENMIN RIBAO publishes today relates in detail Xu Honggang's deeds of bravely fighting for a just cause. Frankly speaking, the present situation in social order is not quite satisfactory. In broad daylight, some law breakers have made trouble and endangered the people's lives and property as well as social tranquility. Sometimes, some people are not willing to save others from danger. China's reform, opening up, and modernization are in a crucial period. There must be a fine social environment for the establishment of the socialist market economic structure and the materialization of the second-step strategic objective. Thus we are required to learn from Xu Honggang, cultivate a social mood of taking pride in and respecting the spirit of fighting for a just cause, and encourage more people to combat bad deeds and bad people so that the millions will work hard for the people's tranquility and social stability.

Shanghai Leaders Visit Nanjing Military Region
OW2002101794 Shanghai WEN HUI BAO in Chinese
12 Feb 94 p 1

[Report by Liu Donggeng (0491 2639 5087) and Zhang Junxiong (1728 6511 7160) from Nanjing on 11 February: "Wu Bangguo, Huang Ju Pay Special Trip to Nanjing Military Region, Thank Soldiers for Rendering Meritorious Service to Shanghai's Development"]

[Text] This morning, Comrade Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai municipal party committee, and Comrade Huang Ju, mayor of Shanghai Municipality, paid a special trip to the Nanjing Military Region. They cordially held a forum with Fang Zuqi, political commissar of the Nanjing Military Region, and other leading comrades in which they happily reviewed the Army's friendship with the government and the people and jointly discussed matters of vital importance on double-support work.

During the forum, Comrades Wu Bangguo and Huang Ju first extended New Year's greetings to the leaders of the Nanjing Military Region on behalf of the Shanghai municipal party committee, the Shanghai Municipal Government, and the people of Shanghai. They also extended season's greetings to all commanders and fighters in the military region. After giving a briefing on economic construction and spiritual civilization in Shanghai Municipality, Comrade Wu Bangguo said: Under the leadership of the party Central Committee with Comrade Jiang Zemin at the core, the people of Shanghai have proceeded simultaneously in economic construction and spiritual civilization in accordance with the party Central Committee's directive on carrying out both tasks simultaneously and paying equal attention to both. They have made every effort to ensure success in both tasks. Troops in the Nanjing Military Region, especially those stationed in Shanghai, have contributed tremendously to promoting the two civilizations. Last year, the Shanghai municipal party committee and the Shanghai Municipal Government launched commemorative activities on the 30th anniversary of the naming of the "Good 8th Company on Nanjing Road," viewing such activities as an important measure for promoting socialist spiritual civilization. Such activities played an excellent role in inspiring a hard-working spirit among the people of Shanghai and in advancing the two civilizations. Partly because of soldiers' contributions, Shanghai has made fairly rapid progress in economic construction and spiritual civilization over the past two years. Just as the song "The Moon on the 15th of the Lunar Month" goes, your feats take up half the chapter of military exploits. On behalf of the Shanghai municipal party committee, the Shanghai Municipal Government, and the people of Shanghai, I would like to express my heartfelt gratitude to the commanders and fighters in the Nanjing Military Region.

Comrade Huang Ju said: Army units have supported the most difficult tasks during the most difficult periods in Shanghai's economic construction. Commanders and fighters were among those undertaking difficult tasks, such as blowing up the dam in the Taipu He to release the water, expanding the Yanggao Road, and building the Yangpu and Nanpu Bridges. Shanghai Municipality has a fine double-support tradition, which we should inherit and carry forward in the interest of greater unity between the Army and the government and between the Army and the people.

On behalf of party committees, government departments, and all commanders and fighters in the Nanjing Military Region, Comrade Fang Zuqi expressed heartfelt thanks to the leaders of the Shanghai municipal party committee and the Shanghai Municipal Government, as well as to all people in Shanghai, for their concern and support for Army building. He said: It was very heartening to see Comrades Xiaoping and Chen Yun in very good health [fei chang jian kang 7236 1603 0256 1660] on the television newscast featuring Shanghai municipal party and government leaders offering New Year's greetings to them. On behalf of commanders and fighters in

the entire military region, please extend our regards to Comrades Xiaoping and Chen Yun and wish them long lives. This is the greatest wish of the vast numbers of commanders and fighters. Comrade Xiaoping spoke highly of Shanghai's work, and we were very glad to hear that. Shanghai Municipality has not only developed rapidly in the economic field but has also made phenomenal gains in double-support work. National defense education has been legislated in Shanghai. Activities launched by Comrade Jiang Zemin while he worked in Shanghai to encourage leading cadres to "spend a day in military barracks" have not only been institutionalized but have also expanded to include entrepreneurs, teachers, students, non-CPC people, and the broad masses. These activities have become an important means for conducting mass education on national defense. Shanghai Municipality has actively taken various measures to solve practical problems and render practical service to troops, such as resettling demobilized and retired soldiers, helping military dependents settle down and seek jobs, helping soldiers' children enroll in kindergartens and schools, assisting troops in training dual-purpose personnel, and improving logistical operations. It has done a great deal of useful work in this respect. Improved double-support work has greatly benefited military units. We are keenly aware that difficulties, however formidable, will not unnerve us, given the party's correct leadership, the worthy masses, and the Army's good relationship with the government and the people. It is the sacred duty of the People's Army to defend and build the motherland. We are duty-bound to carry out the large-scale construction of Shanghai. From now on, we should continue to do more work, and the Army and the people should work together to further defend Shanghai and carry out the large-scale construction of Shanghai.

Leaders from the Nanjing Military Region, Shanghai Municipality, and relevant departments attending the forum included Yan Zhuo, Xie Decai, Wang Yongming, Lan Baojing, Chen Bingde, Wang Tongzhuo, Wang Chuanwu [3769 0278 2976], Sui Shengwu, Xu Wenyi, and Zhou Yupeng.

Prior to the forum, Wu Bangguo, Huang Ju, and other leading comrades from Shanghai Municipality braved the rain to call on veteran comrades in the Nanjing Military Region, such as Comrades Du Ping, Xiang Shouzhi, Fu Kuiqing, and Liu Anyuan, in the company of Lan Baojing, deputy political commissar of the Nanjing Military Region. They extended New Year's greetings to the veteran comrades, wishing them good health, long lives, and a happy New Year.

Economic & Agricultural

Economic Official Views Property Rights Reform
HK2502064494 Hong Kong AFP in English 0539 GMT
25 Feb 93

[Text] Beijing, Feb 25 (AFP)—Some 10,000 Chinese firms were sold or merged last year, as local governments

took advantage of property rights reform to invigorate loss-making state enterprises, a senior economic official said Friday [25 February]. Medium-sized and small state firms "with less than desirable management and profits" were sold, transferred or merged amid the introduction of new legislation aimed at clarifying the murky issue of property rights, said Jia Hefeng of the State Commission for Economic Restructuring (SCER).

In China's 16 largest cities, 2,900 medium-sized and small firms were sold or merged, and property rights worth six billion yuan (700 million dollars) were effectively made productive, Jia said. Recent reforms have seen an increasing number of firms from different regions or sectors being merged, Jia said, citing enterprises in Shanghai, Beijing and Shenzhen which have taken over others by buying their stock. According to Jia, the growing number of pilot companies going public in China has provided a major boost to property rights reform.

There are currently 3,800 pilot stock companies nationwide. China recently promulgated a series of laws and regulations, such as the bankruptcy law and corporate law which provide a partial, legal framework for defining property rights.

However, according to a senior lawyer with a western law firm in Beijing, a comprehensive property rights law is still a long way off. "The authorities have been considering it for some time, but it's a complex and sensitive issue," the lawyer said. "For the moment they seem content to muddle through with the existing regulations, which are still far from adequate," he added.

The SCER has pledged to clarify property rights which, together with ending management interference by bureaucrats and allowing firms to go bankrupt, are considered essential to the reform of inefficient state enterprises in China, which continue to be a major drain on government coffers.

Economist Views Building Efficient Capital Market

HK2502101794 Beijing JINGJI CANKAO BAO in Chinese 15 Feb 94 p 4

[By Li Yang (2621 2254) of Chinese Academy of Social Sciences Finance and Trade Research Institute: "Establishing a Highly Efficient Capital Market Is an Important Part of Banking Reform"]

[Text] The CPC Central Committee's decision on building the socialist market economic structure set forth the general principle for the "sustained, rapid, and healthy" [chi xu kuai su jian kang 2170 4958 1816 6643 0256 1660] development of the national economy. Here, the necessary condition for the rapid development of the national economy is the maintenance of a high investment rate over a long period and the full condition for the healthy development of the national economy is that the high investment rate is supported by a corresponding

high savings rate. Only when the savings rate and the investment rate are kept balanced can there be sustained development of the national economy. To put it in a nutshell, balancing savings and investment is the key to the implementation of the general principle. In China, investment demand is always brisk so an effective way to mobilize savings or the establishment of a highly efficient capital market is of greater significance.

In the traditional structure, there was basically no capital market in our country. In those years, under the centralized financial system, savings in the whole society were mainly concentrated in the hands of the government and were then distributed to various enterprises for the purpose of investment in the form of financial appropriation. This form of raising and using funds can be regarded as a special form of internal financing [nei yuan rong zi 0355 3293 5816 6357]. Since the beginning of the economic structural reform, with the readjustment of the elementary distribution structure of the national income, the government savings in the gross social savings have been gradually decreasing (and the net savings have now become negative), while the savings kept by enterprises and individuals have been gradually increasing. Being supported by such a savings structure, external financing [wai yuan rong zi 1120 3293 5816 6357] has gradually come to prevail in our country. According to statistics, external financing accounts for about 70 percent of the current sources of enterprise investment funds. This is reflected in the fact that in the "cake" of state investment, bank loans and the funds raised by the enterprises on their own are the main financial sources. The rate of external financing in our country is rather high as compared with the between 30 and 50 percent rate in the countries with developed market economies.

The abovementioned change has caused the monetary policy to hold a decisive position in our macroeconomic control and regulation system. Signs of such change appeared in the early stage of reform and people could obviously see it after the three-year economic rectification. However, the reform of the financial control system did not keep pace with such change. This was mainly reflected in the following facts. First, we still maintained the traditional means of credit distribution to exercise financial management and it was increasingly difficult to effectively control the gross quantity of credit and money supply in the whole society by this means. Moreover, the distribution and circulation of credit funds in the economy became far distant from the subjective wishes of financial authorities. Second, we still used the method of managing credit funds to deal with the issuing of various securities by imposing quantitative limits on such issues. Third, we still lacked an effective means of managing the fund-raising activities launched by enterprises on their own beyond the direct financing under the state's control. All this brought about a disorderly situation in the financial field during the last few years.

It is indeed important to rectify the financial order. Behind various disorder phenomena there exist various types of misconduct and the inertial effects of the old

system but there also exist sprouts of the new financial system. We can even say that many of the current financial problems are in fact a type of spontaneous reaction from the market economic forces against the ossified financial system. If we do not properly analyze various factors, we cannot achieve the expected results in our rectification efforts and China's further economic growth may encounter other obstacles. As we have noticed, since the beginning of the economic reform, major changes have occurred in China's economic growth mechanisms. The country's economic growth in the past more than 10 years was mainly attributed to the rapid development of the nonstate-owned enterprises, the expansion of the tertiary industry, and the high-speed growth in the coastal areas. However, such economic entities and industries, which made major contributions to the economic growth, did not hold any significant position in the state's credit plan; and what was actually gained by the economically developed areas was obviously insufficient as compared with the demand. This brought about a profound contradiction. On the one hand, economic development had to rely heavily on the nonstate-owned enterprises and the tertiary industry and on the economic growth in the coastal areas; on the other hand, the financial demand in such enterprises, trades, and areas could not be satisfied by the state's official credit plan. As a result, funds were "loaned" from the state-run banks to nonstate-owned banks, nonbanking financial institutions, nonstate-owned enterprises, trades in the tertiary industry, and economically developed areas and this became an inevitable trend. Because the derived financial demand was not aimed at adjusting the monetary position, "daily loans" were inevitably changed into "monthly loans," "quarterly loans," or "yearly loans." Because most of such loans were not allowed by the state, there naturally existed instances of violating financial discipline and funds were offered at much higher costs. Similar problems also occurred in the field of direct financing. Because many new investment projects could not obtain funds through official channels, it was rather common that they raised funds on their own in various ways without the approval of the administrative authorities.

Can we then improve the situation by means of "perfecting" the fund distribution method? In our opinion, this should not, and also cannot, be done. First, if social funds are distributed by the monetary authorities, this is a typical practice in the planned economy and logically comes into line with the across-the-board planned management and distribution of materials and funds. Such practice has now lost the necessary economic conditions. Second, smooth funds distribution still needs certain institutional conditions in the financial system: 1) The financial institution must be large and highly centralized (as we had only one bank in society in the past) so that funds do not move in and out of the financial system on a large scale. 2) Social expenditure is made by entities bearing the same character (as in the past, the state-owned enterprises assumed an overwhelming proportion

and their revenue and expenditure were totally controlled by the government). Thus, funds will not move between different economic elements. 3) There should only be one single financial product (as in the past, there were only simple deposits and loans in society) so that there will be no replacement between different financial products and no consequent transfer of funds. 4) The national economy should be closed (as we laid lopsided stress on self-reliance in the past) so that changes in international reserve and in foreign exchange rates do not produce any unexpected impact on domestic money supply. Obviously, all such conditions no longer exist in China. As the foundation and the conditions no longer exist, it is impossible to "improve" the system being established on such foundations and under such conditions. More importantly, when the market-oriented reform has been carried out in depth today, credit planning can less and less satisfy the increasingly active needs in economic development and has become increasingly a huge "rent-seeking" hotbed [xun zu yuan sou 1416 4436 3220 5674]. So, it should be terminated as soon as possible and replaced with a new mechanism for indirect control of the money supply. Under the new system, the monetary authorities should apply indirect regulatory means to control and adjust the gross quantity of money supply and market interest rates. The movement of social funds should mainly be directed by the profit-oriented financial institutions and by the securities market according to market signals.

In the new pattern of monetary regulation and control, the establishment of an effective capital market is an important task.

In the field of indirect financing, it is of course very important to organize and establish some policy-oriented banks [zheng ce xing yin hang 2398 4595 1840 6892 5887] but they can only meet the financial needs of a small number of key trades with a bearing on the national economy and the people's livelihood. It is definitely necessary to transform the existing specialized banks but, if long-term funds are mainly provided by the commercial bank, the financial demand in society still cannot be satisfied and the situation may become rather dangerous in a certain sense. This is because the funds of the commercial banks mainly come from the savings of individuals and enterprises and the mobility of such funds is rather high. Their liabilities constitute the main part of the money supply. If such financial sources are used to make long-term investments, a financial crisis can easily arise. This is the reason why the monetary authorities must require the commercial banks to keep reserve funds and provisions, lay down a strict requirement on the rate of their own capital, and exercise strict control over the operation of their assets. In the countries mainly practicing the market economy, the long-term funds supplied through some indirect financing channels mainly come from nonbanking financial institutions, which mainly refer to various insurance companies, pension funds, trust and investment companies, common funds, savings and loans associations, and

financial companies. A common characteristic of these financial institutions is that they all have long-term and stable funds sources. It is precisely under such a liabilities structure that they can play a major role in the capital market. If our financial institutions are still not well developed, then our nonbanking financial institutions are just at the starting stage. Therefore, in order to establish an effective capital market, it is necessary to greatly develop nonbanking financial institutions and make them one of the key points in our new financial system.

In the field of direct financing, we should mainly substantially develop the standardized stock and corporate bond markets. We should be soberly aware that exercising scale management over the issuing of securities will inevitably hinder the ongoing process of adopting the corporate system in the reorganization of the existing enterprises and this is a management method which goes against the principle of the market economy. Only by abolishing such scale management can the securities market and the market economy as a whole develop healthily. With regard to stocks, some concepts should be clarified. The adoption of the corporate system in the reorganization of the existing enterprises certainly requires that existing assets be turned into a certain quantity of shares. However, first, this does not mean that the enterprise, while turning its assets into shares should at the same time increase its assets and shares. It is absolutely necessary to prevent them from trying to increase investment and neglecting the adjustment of the property rights structure. Second, while an enterprise is reorganized into a joint-stock company, this does not mean that its stocks must be negotiable in the market; even if the stocks can be traded, it does not necessarily mean that they should be listed on a stock exchange. After the joint-stock company becomes the main enterprise form in our country, the stocks of most enterprises should be negotiable in the counter market (*gui tai shi chang* 2681 0669 1579 1034). That is to say, we can adopt certain steady steps for listing stocks in the exchange but it is certain that we should promote the development of stocks counter trade (*gu piao de gui tai jiao yi* 5140 4384 4104 2681 0669 0074 2496). We hold that any enterprises, as long as they meet the requirements for issuing securities, should be allowed to raise funds through the market. Limiting the scale of securities issuance will only lead to the spread of irregular fundraising activities. In view of the abnormal situation in which the rate of liabilities in the enterprises of our country is too high, it is necessary to change the enterprise capital structure in order to thoroughly change this situation. To achieve this purpose, we must substantially develop the stock market and the corporate-bond market.

To sum up, we should make efforts to create a relaxed, free, diverse, and competitive financial system through carrying out financial reform. Only on the basis of such a financial system can the central bank hold a detached position to play a role as a referee in the competition. On

the contrary, if there are only a small number of financial institutions and a small number of financial tools in the economy, they will become too cumbersome and will not be able to play an effective role; neither can the central bank play an effective role in exercising macrocontrol.

Scholar Comments on Improving Economic Quality

HK2402085194 Beijing RENMIN RIBAO in Chinese
18 Feb 94 p 2

["Random Talk on Economic Life" column; interview with Professor Meng Xianzhong (1322 2009 1813) of Jilin University Social Development Institute by staff reporter Zhang Yulai (1728 3768 0171): "Improve the Quality of the State Economy"—first paragraph is RENMIN RIBAO introduction]

[Text] Recently, this reporter interviewed Professor Meng Xianzhong of the Social Development Institute of Jilin University on how to respect objective laws and promote the healthy development of the socialist market economy in our country.

[Zhang Yulai] Since the 14th CPC National Congress, the building of the socialist market economy structure has developed very quickly. However, some problems worthy of attention have cropped up, such as overheated investment in fixed assets, excessively fast development in the development zones, and excessive credit scale and monetary input. Why is it that whenever we talk about developing the economy, people think of speeding up capital construction, expanding scale, and increasing investment?

[Meng Xianzhong] All these problems reflect a long-standing conspicuous problem in the economic construction of our country: People have attached importance to the speed of the economy while ignoring the quality of the state economy and have been accustomed to the quantitative type of economy which increases extension while failing to meet the requirement of taking economic results as the center.

Economic development, of course, includes accelerating the speed of economic development and increasing the percentage growth of the GNP and this is of great significance. However, we cannot belittle the improvement of the quality of the state economy. In view of the present tendency to attach importance to quantity while belittling quality, I think that it is urgently necessary to make clear that to improve the quality of the state economy is a pressing task in building the market economy.

[Zhang] What is the meaning of the concept "the quality of the state economy?"

[Meng] All things are determined by quality and quantity. In the same way, the state economy is also determined by quality and quantity. The quantity of the state economy means the scale and speed of economic reality

and economic development. The quality of the state economy is about whether or not the economic structure of a country is rational and whether or not its economic operations are highly efficient. To be specific, the quality of a country's economy is determined by various factors, such as the rationality of the industrial structure, the foundation and main propelling forces of economic development, various rates of input and output, labor productivity, and the amount of national income generated by the social GNP.

As viewed from our macroindustrial structure, facts clearly show that the second and tertiary industries are not developed. Therefore, we must make great efforts to develop the second and tertiary industries. As viewed from the industrial and transportation fields, structural contradictions between industries have become more and more conspicuous. In particular, infrastructure like railway transportation and the support capacities of basic industries are still quite weak. At present, railway transportation can only meet 60 to 70 percent of the needs of freight transport and has become a "bottleneck" in our economic development. To speed up our economic development, we are first faced with the task of readjusting the industrial structure to make it more rational and modern.

In assessing the quality of the economy from the angle of the industrial structure, it is also necessary to look at the internal structure of each industry. In recent years, for example, although the percentage of industrialization in some localities has been greatly increased, the industrialization in many localities is at a low level. This means that, although industrial production has become the dominant social production activities in these localities, the products turned out are mainly primary products which consume visible resources and the value added to them by means of high-technology and new-technology is quite low. They are in an unfavorable position in commodity exchanges. In 1992, it turned out that of the 500 enterprises with the best economic results, over 70 were cigarette plants; of the top 500 enterprises in handing over profits and taxes to the state, more than 90 were breweries. In 1993, ranking first and second in the 500 enterprises with the best economic results in our country were also tobacco processing and beverage enterprises. In the United States and Japan, almost all of the top 500 enterprises with the best economic results are industrial enterprises using high-technology or using a large percentage of high technology. Only a few tobacco enterprises, Philip Morris, British American Tobacco, Japan, Spain, and Renault [lei nuo 7191 6179] are among the world's 500 biggest financial groups. [names as published] Besides, all these tobacco enterprises have diversified business. Just think, when the tobacco processing and beverage industries have become the main industrial enterprises with good economic results in a country, how can we talk about economic competitive power or comprehensive national strength? Nevertheless, some localities are still expanding the production of cigarettes and wine.

[Zhang] You said there are problems in the industrial structure of our country. What is the relationship between the foundation and propelling forces of economic development and the quality of the state economy?

[Meng] The central resources and propelling forces of economic development vary in different historical periods. In the agricultural society, land was the central resource and agricultural labor was the main force propelling economic development; in the modern society, industrial capital was the central resource and production with machines on a large scale was the main propelling force; and since the second half of the 20th century, human capital has become the central resource for economic development and science, technology, and culture have become the main propelling forces in economic development. At present, 50 to 70 percent of the GNP in developed countries is created by the input of science, technology, and culture. That the input of science, technology, and culture has become the main propelling force implies among the input of resources, power, capital, labor, science, technology, and culture, that science, technology, and culture account for a greater percentage and the output of science, technology, and culture is high. Only this represents the level of modern production. China proves definitely inferior in this respect. The rate of industrial products contributed by science, technology, and culture is less than 30 percent and, in recent years, the percentage in a few provinces and municipalities has tended to decrease.

[Zhang] Please tell us more about the question of the input-output ratio.

[Meng] Viewed from various individual input-output ratios, the quality of the energy utilization coefficient, the profit and tax rate of capital, and the economic results of investment in fixed assets are low. The energy consumption of unit GNP of China is six times that of Japan and more than twice that of the United States. The profit and tax rate of capital in China is only equivalent to one-quarter to one-third of that of the developed countries. The economic results of investment in fixed assets in our country is even more worrying. Of the existing 2,200 billion yuan in fixed assets, those lying idle and those with a low utilization rate account for one-third, almost as much as 700 billion yuan. This means the economic result of one-third of them is very little.

[Zhang] It seems that a low input-output ratio implies great waste. Please tell me more about the level of social labor productivity in our country.

[Meng] Compared with the developed countries, the social labor productivity in our country is quite low. Let's take the auto industry for instance. The biggest auto production group in our country has 100,000 workers and staff members. Its total sales volume in 1991 was about 6.2 billion yuan. The accumulated number of automobiles produced since the plant was set

up 40 years ago is less than 2 million. Japan's Toyota Auto Corporation has less than 100,000 workers and staff members. Its sales volume in 1991 was \$65.454 billion. Germany's Mercedes-Benz has 376,000 workers and staff members. Its sales volume in 1991 was \$54.259 billion. The number of automobiles turned out each year by either of the last two auto corporations exceeds 2 million. Just think, without a high labor productivity and without a good quality of the economy, how can we compete with other countries after reentering the GATT.

What is especially worthy of our attention is that in recent years, although the output value of some provinces and municipalities has grown very fast, the labor productivity has fallen. This shows that the economic growth of these provinces and municipalities is the outcome of a high input of manpower, financial resources, material resources, and energy resources instead of raising the labor productivity. It should be pointed out that this kind of high output and high speed have covered up the fall in the labor productivity.

[Zhang] It seems that without improving the quality of the state economy, it will be difficult to increase our economic strength and the comprehensive national strength, or to compete with other countries. In particular, the per capita possession of reserves of major minerals, clean water, farmland, forests, or pastoral land in our country is below the world's per capita level and the per capita possession of nonregenerated energy reserves is also below the world's per capita level. If we blindly seek a high output value and a high speed by means of a high input, we shall inevitably damage the conditions for sustained production and the capacity to expand reproduction.

[Meng] It is precisely so. Let us look again at the question of the formation of the national income by the social gross output value. This question has a bearing on the final economic results. In the 1950's, 100 yuan of social gross output value resulted in over 50 yuan in national income. However, in the 1980's, the amount went down to just over 30 yuan instead of going up. This shows clearly that the quality of our economy urgently needs improvement.

In short, developing the economy by improving the quality of the state economy or one-sidedly developing the economy by a high input and a high consumption rate are two different ways of thinking which will lead to two different results and prospects. We should never overlook this. During his inspection tour of the south at the beginning of 1992, Deng Xiaoping, while stressing the necessity of quickening economic construction, explicitly pointed out: It is necessary to pay attention to quality, economic results, and the export-oriented type enterprises and "to develop the economy faster, we must depend on science, technology, and education." In the report from the 14th CPC National Congress, it is also explicitly pointed out that the economic construction of our country should realize two kinds of transition. One is the transition from the planned economy structure to the

market economy structure and the other is the transition from a quantity-type economy to an economic result-type economy. Many of us have paid attention only to speeding up the development of the economy while overlooking the necessity of depending on science, technology, and education to develop the economy. At present, the people have a greater awareness of the transition to the market economy but their awareness of the transition to an economic result-type economy is still very vague.

[Zhang] How do you think the quality of the state economy can be improved?

[Meng] Consumers should have awareness of the quality of commodities, enterprises should have awareness of the quality of the products, and the leadership at all levels should have awareness of the quality of the state economy. To the leadership at all levels, awareness of the quality of the state economy is the most important awareness of the economy. The improvement of the quality of the state economy is a system engineering project and there is much work to do in this respect. The most important thing is to depend on improving the quality of the national science, technology, and culture and on training capable personnel.

Mergers Increase in Move Toward Market Economy

OW2402153394 Beijing XINHUA in English 1435 GMT 24 Feb 94

[Text] Beijing, February 24 (XINHUA)—China is relying on property rights reform to invigorate its many state-owned enterprises in its drive to establish a market economy.

Medium-sized and small enterprises with less than desirable management and profits are being sold, transferred or merged with others, said Jia Heting, deputy director for the Production System Department under the State Commission for Economic Restructuring (SCER).

He said 10,000 enterprises in the country underwent such reforms last year. Two thousand nine hundred medium-sized and small enterprises in China's 16 large cities were sold or merged, and property rights worth 6 billion yuan (about 1 billion U.S. dollars then) were effectively made productive. More than 400,000 employees were offered other jobs, according to Jia.

These cities include Tianjin, Shanghai, Guangzhou, Wuhan and Shenzhen.

"Such property rights reform helps to optimize the allocation of state assets in the socialist market economy," said Jia Heting.

More and more enterprises from different regions or trades are being merged, instead of only those from within the same regions or trades, Jia said, adding that enterprises in Shenzhen, Shanghai and Beijing are taking over others by buying up their stock.

To transfer property rights, some enterprises agree to shoulder old debts, or pay in cash immediately, he said.

The SCER official said a major move in the property rights reform—the share-holding system—is gaining ground in China. More and more pilot companies are going public, and nine enterprises have been chosen to issue stocks in Hong Kong.

There are 3,800 pilot stock companies in China, Jia said.

China has promulgated a series of laws and regulations to govern property rights reform, which include the Bankruptcy Law, the Corporate Law, and the provisional regulations on enterprise mergers, on management of state assets, on selling the property rights of small enterprises and the assessing of state assets.

Economists expect large and medium-sized state enterprises to be transformed into stockholding enterprises, while small state enterprises will be turned into non-state but publicly owned enterprises through auctions or rental arrangements.

The large state enterprises will absorb non-state funds from the market, and new state assets can be formed through stock issues and creating income through investing in weak points of the national economy, experts said.

'Problems' Still Face Financial Reforms

HK2502103194 Hong Kong *SOUTH CHINA MORNING POST (BUSINESS POST)* in English 25 Feb 94 p 4

[By Renee Lai]

[Text] China still faces problems implementing its financial reforms, according to a senior official of the Bank of China.

Bank vice-chairman Huang Diyan yesterday said difficulties included managing the bad debts arising from policy-driven lending, and maintaining a stable yuan.

In a speech on China's financial system, Mr Huang, who is also the chief executive of the bank's Hong Kong-Macao Office, said inherent problems were a result of the wide exposure of the reform measures.

"Their success will mainly depend on transformation of the mechanism of state-owned enterprises, and a healthy fiscal system," he said.

Mr Huang said the latest financial reforms were the most thorough in China over the past 15 years. China, since January 1, has launched a series of financial reforms on exchange rates and taxation, following the economic austerity programme introduced last July in a bid to rein in the country's heated economy.

He said the current financial system had problems which had not been touched by previous reforms. They included a confusion of responsibilities among financial

institutions that limited their ability to tune the economy, and an incomplete financial regulatory framework, which had led to a proliferation of lending.

He also pointed to the limitations of interest rates as a tool of regulating the demand for funds.

The latest reforms, gave the People's Bank of China greater authority over note issue, monetary management, credit adjustment, foreign exchange policy and interest rates, strengthening its role as a central bank.

The reforms also took away the responsibility for policy-driven decisions from the four specialist banks, which include the Bank of China, freeing them to act as commercial banks.

Shanghai Hopes To Replace Hong Kong as Money Center

HK2502102894 Hong Kong *EASTERN EXPRESS* in English 25 Feb 94 p 23

[Text] Shanghai has unveiled an ambitious and comprehensive plan to replace Hong Kong as the most important financial centre in Asia over the next 15 years.

Measures include persuading all Hong Kong-based red-chip conglomerates to relocate their headquarters to Shanghai, opening doors to foreign brokerages and rating agencies and setting up various specialist short-term fund markets.

Shanghai, which outshone Hong Kong in the 1940s, has long been talking about regaining its past glory. But this is the first time that the city has come up with concrete measures to match its words. And it has enlisted an important ally in the People's Bank of China.

The country's central bank had urged the government, in a comprehensive report, to allow Shanghai to realise its dream by the year 2010, the Beijing-backed HUANAN ECONOMIC JOURNAL reported yesterday.

The newspaper did not say how the government had responded to the report.

According to the People's Bank report, Shanghai would try to persuade the Hong Kong- and Beijing-based China Merchant Group, China International Trust and Investment Corporation (CITIC), China Everbright Group, Bank of China and others to relocate to the city.

It would also try to get all the new national financial institutions to set up bases in the city, and the People's Bank would like to station a deputy governor permanently in Shanghai.

In an attempt to link-up with international financial markets, the city would allow foreign brokers or joint-venture brokerages into the Shanghai Stock Exchange.

Two international rating agencies, possibly Moody's and Standard & Poor's, would be allowed in to assess Chinese companies for domestic and international listings.

The city would soon abolish restrictions to allow free trade in A and B shares. At present A shares are traded solely by domestic shareholders while foreign investors can only trade B shares.

Shanghai would step up efforts to attract foreign banks, insurance companies and other financial institutions, and broaden its business scope. Foreign banks have been lobbying for the right to accept yuan deposits from mainlanders, whose savings in Chinese banks total 1.4 trillion yuan (about HK\$1.243 trillion).

The city plans to set up several specialist short-term fund markets in the hope of linking with other international financial markets.

These include markets for commercial notes, inter-bank borrowing, short-term loans, bank discounts, one-year Chinese state-treasury bonds, Euro money and international currencies.

The Shanghai bourse plans to expand its issues of new stocks and bonds in a bid to increase its market turnover to 65 percent of national volume by the end of next year. In the short term, it plans to increase its membership to 800, with 3,000 trading seats.

To attract foreign investors, the city would introduce more financial instruments such as foreign-currency and interest-rate options, share buy-back arrangements, convertible bonds, mutual funds and loan securitisation.

A report in the Beijing-controlled Hong Kong newspaper, TA KUNG PAO, said yesterday that about six international companies, including Mercedes-Benz, were still negotiating for secondary listings in Shanghai, and a breakthrough was expected this year.

The report said the Shanghai exchange was negotiating to buy a telecommunications satellite.

Shanghai Stock Exchange To List 11 New Firms
HK2402055094 Beijing CHINA DAILY in English 24 Feb 94 p 2

[By Liu Weiling: "11 New Firms To Go Public in Shanghai"]

[Text] Eleven new firms are expected to be listed on the Shanghai Stock Exchange today, boosting the number of A-share companies on the market to 139.

The shares the 11 firms put in circulation will have a total face value of 169.85 million yuan (\$19.523 million).

Seven of the new companies are from Shanghai. They are: Shanghai Shangling Electric Appliance, Shanghai Jielong Industry, Shanghai Lingqiao Water Plant, Shanghai Commercial Real Estate Development, Shanghai Oriental Pearl, Shanghai No. 9 Department Store, and Shanghai SAIC [expansion unknown] Multiple Trading. The other four are Huanghe Machinery

and Electrical from Xian, Shaanxi Province; the Chengdu People's Shopping Centre from Sichuan; the Harbin Tianer Industry from Heilongjiang; and Ningbo Chenghuangmiao from Zhejiang.

Officials expect the value of new shares listed on the exchange in the first quarter of this year to be 1.48 billion yuan (\$170.1 million).

Meanwhile, the exchange has approved membership of four securities companies to its clearing system to make it more efficient.

They are the Hunan and Dalian securities trading centres and the Guangdong Maoming and Gansu securities registering companies.

So far, the clearing system has developed 103 member companies, 51 of which are Chinese.

Meanwhile, Shenzhen Securities Exchange has decided to suspend the listing of new firms to reverse the bearish trend in the stock market.

Many investors and analysts believe the problem is caused by the continued listing of new shares, which absorbs large amounts of capital, which causes share prices to slip.

In another development, five securities companies from the provinces of Hubei, Guangdong, Shaanxi, and Sichuan have recently gained membership of the Shenzhen Securities Exchange.

Former Official Comments on Value-Added Land Tax

HK2502111794 Beijing ZHONGGUO XINWEN SHE in English 1450 GMT 24 Feb 94

[Text] Beijing, February 24 (CNS)—The levying of value-added tax on land is not something new in China as there have been precedents at home and even in Hong Kong, Taiwan and foreign countries, the former director of the State Land Administration Mr. Wang Xianjin said today. He noted that such tax was regarded as a necessity in the regulation of the real estate market because it could effectively curb land speculation and unreasonable profits, a move playing a guiding role in the placing of investment.

Promulgation of the provisional ordinance on value-added tax on land, according to Mr. Wang, received a strong reaction from the real estate sectors at home and in Hong Kong and Taiwan as well as overseas with many saying that the taxation rate was too high. Mr. Wang said that some of the opinions expressed were worth taking notice of by the authorities when working out details on the value-added tax on land.

Mr. Wang said he believed that a price rise and investment risk should be taken into account when calculating the added value, a common practice employed in Hong

Kong, Taiwan and overseas. It is, however, yet to be decided what weight the risk factor should be given.

Preferential treatment should be given to some transactions involving the transfer of real estate, especially housing units approved by the government for their construction and sold at a price set by the government. Such housing should be exempted from the value-added tax. The tax should be cut by the half for sales of real estate resulting from planning by the government while sales of residential units should be subject to the value-added tax on land. Tax refunds are, however, possible for sellers of housing who buy another flat for their own use within a specific time. Real estate donated to the government or to charitable groups should be exempted from the value-added tax. Donated real estate should be turned over to the government in cases of disbandment of a particular charitable group which had received the donation. Transfer of land without any development following its sale should be subject to the value-added tax and such cases should also be dealt with in accordance with law.

Mr. Wang said that the regulation set earlier on real estate developers that they must undertake construction of welfare housing which must make up 20 percent of their total volume of their real estate development should be rescinded because such practice was not in line with the market mechanism.

Shanghai Delays Imposition of New Tax Until 1995

HK2402055294 Hong Kong EASTERN EXPRESS in English 24 Feb 94 p 21

[By Bruce Gilley]

[Text] In the first clear evidence that Beijing has lost its battle on the capital-gains land tax, Shanghai has decided to delay imposing the tax until 1995 and permanently exempt primary developments. Mayor Huang Ju met little opposition when he informed Beijing of the decision last week, a senior Shanghai government official said yesterday on condition of anonymity.

Although the controversial tax was to be levied from January 1 this year, Shanghai will delay implementation until 1995 at the earliest, the official said. Meanwhile, the city government, which is counting on receiving ample foreign property investment for green-field sites in the new Pudong area and for inner-city redevelopment, will exempt all primary land-development projects from the tax. "Even if the central government decides to include these projects, we will give them a permanent tax holiday," the official said.

The news will come as a blow to the State Taxation Administration in Beijing, which has asserted all along that the tax must be levied this year in line with the State Council's edict last month. Beijing's grip on the matter is

expected to fall apart in the next few weeks as other cities and provinces announce their own delays and exemptions.

Hong Kong businessmen have voiced strong concern about the tax, saying it would scare away property investments. Some have made plans to lobby officials in Beijing and current projects are believed to be on hold.

Ministry Sets Up Hotline To Report Labor Abuses

HK2502103394 Beijing CHINA DAILY in English 25 Feb 94 p 1

[By staff reporter: "Hotline to Help Fight Labour Abuses"]

[Text] A nationwide hotline for reporting labour law violations will open soon, the Ministry of Labour announced recently.

The move is in response to growing complaints from workers, ministry officials said.

The tipline will enable citizens to directly contact labour officials, making it easier to supervise factories, said Ren Zeming, a senior labour official.

Over the past few years, more and more workers have had their rights violated, particularly in foreign-funded firms.

Since 1988 there have been 250,000 strikes and labour disputes, the Tianjin-based JINWANBAO evening paper said.

They were usually caused by ambiguous contracts, long hours, low pay and unsafe working conditions.

Most occurred in coastal areas where millions of Chinese workers have taken jobs in foreign-funded companies.

Even in the capital, workers in a foreign-funded enterprise went on strike against low pay before Spring Festival.

In response to these problems, some labour departments have opened local hotlines for reporting abuses.

Late last year in Shenzhen a hotline tip led to the investigation of a local hardware factory where 27 workers had lost their fingers because of unsafe machinery. The case was quickly settled.

The nationwide hotline will begin "as soon as possible," Ren said.

Phone calls from the public will keep labour departments abreast of all news Ren noted.

He also said those who call can remain anonymous. And relevant departments will protect informers from retaliation.

Six Major Cities Modernize Their Industrial Bases

OW2402193394 Beijing XINHUA in English 1113
GMT 24 Feb 94

[Text] Harbin, February 24 (XINHUA)—Six old industrial centers in China have restored their leading status in the national economy through three years' efforts in upgrading their production facilities.

The six cities are Shanghai, Tianjin, Shenyang, Wuhan, Chongqing and Harbin.

According to the latest statistics from a symposium in Harbin, these cities have completed more than 15,800 projects since 1991, costing 57.71 billion yuan, of which some 8 billion yuan were state loans.

Going into operation, they will bring in 95.36 billion yuan in increased output value, 19.938 billion yuan in taxes and profits and 4.313 billion U.S. dollars in exports.

The industrial modernization process in these cities has seen good results in many aspects.

Thanks to it, the cities' pillar industries have achieved a rapid growth. At present, Shanghai, Tianjin, Shenyang and Wuhan are technically strong in the auto sector, regaining the leading position in the country. And power facilities from Shanghai and Harbin have obtained over two-thirds of the domestic market share.

A batch of enterprises with high efficiency have become honey pots in these cities. During the 1991-1993 period, two-thirds of the cities' output value and taxes and profits increment had resulted from improved facilities. For example, taxes and profits in Chongqing Steel and Iron Company jumped from 1991's 200 million yuan to 1993's 650 million yuan.

Also, the process has reinforced the competence of quite a few large and medium-sized enterprises.

In Tianjin, about 45 percent of some 60 big enterprises which used 5.2 billion yuan in technological upgrading have established a niche in the domestic and overseas market.

In Shanghai, many technological enhancement projects have been undertaken, involving the sectors such as communications, computers, bio-medicine and micro-electronics.

Experts hold that problems like capital shortage and rigid management still hinder the process. This year's newly-issued investment and tax policies may also bring about challenges as well as chances.

These six cities, most of whose medium and large enterprises were set up in the 1950s, had exerted an important impact on China's development at that time.

Since the 1980s, their industrial strength has been weakened owing to out-of-date facilities and products.

So the Chinese Government launched the campaign of industrial modernization in the cities in 1991.

Record Import, Export of Nonferrous Metals in 1993

OW2502034894 Beijing XINHUA in English 0324
GMT 25 Feb 94

[Text] Beijing, February 25 (XINHUA)—China's imports and exports of nonferrous metals came to a record 3.6 billion U.S. dollars-worth in 1993, a national meeting has been told.

The meeting heard that imports accounted for 1.2 billion U.S. dollars of this amount.

Sources at the meeting said 458 million U.S. dollars-worth of exports and 890 million U.S. dollars-worth of exports were handled by the China National Nonferrous Metals Import and Export Corporation.

That made the corporation's accumulated export since its founding ten years ago 5 billion U.S. dollars, the sources said.

Over the decade the corporation developed 45 subsidiaries in China, and 17 companies and representative offices abroad. Its annual business volume rose from 77 million U.S. dollars-worth in the beginning to 1.35 billion U.S. dollars-worth in 1993.

With mines and factories all over China as well as in the United States and Australia, and its powerful Hong Kong subsidiaries, the corporation is quickly growing into a large international group, the sources said.

Aquatic Products Industry Leads World

OW2302100194 Beijing XINHUA in English 0835
GMT 23 Feb 94

[Text] Beijing, February 23 (XINHUA)—The output of China's aquatic products industry has been leading the world for four consecutive years, the "PEOPLE'S DAILY" reported today.

The country's annual quantity now takes up about one-sixth of the world's total. In comparison, China turned out only one-45th of the world's aquatic products in 1949, when the People's Republic of China was founded.

During the past 15 years in particular, a time of economic reforms and opening up to the outside world, the output of aquatic products rose by 2.8 times, reaching 17.86 million tons in 1993.

One distinct change is that the proportion of China's ocean fishing decreased while the freshwater fishing industry has grown markedly, the ratio now is three to two.

In addition, 48 percent of the country's output of aquatic products is from artificially bred stock, according to the paper.

However, on average, China's output is 14 kg of aquatic products per capita, only equal to two-thirds of the world's average, the newspaper noted.

Official Views Advertising Boom Among Enterprises

*OW2402141894 Beijing XINHUA in English 1242
GMT 24 Feb 94*

[Text] Beijing, February 24 (XINHUA)—China's advertising enterprises numbered 31,000 in 1993 with an annual turnover of 13.4 billion yuan (about 2 billion U.S. dollars then), showing sharp increases of 90 percent and 98 percent respectively over 1992 figures.

This was revealed today by Liu Baofu, head of the advertising department under the State Administration of Industry and Commerce (SAIC).

Specialized advertising companies in China totalled 11,000 last year, earning 4.6 billion yuan, that is, a hike of 150 percent over 1992, according to Liu.

To boost the advertising sector, the four publishing media of TV, radio, newspapers and magazines vigorously developed their own advertising enterprises in 1993, which gained an average business volume rise of 64.5 percent over the 1992 figure.

The advertising enterprises affiliated with cable TV, airlines, railways and theaters reaped a total of 1.54 billion yuan, sharing 11.5 percent of the total advertising business volume of the country, said Liu.

The SAIC official attributed the vigorous growth in the advertising sector to various reasons.

According to Liu, Chinese entrepreneurs have become more aware of the importance of advertising for their products amid fierce market competition and are willing to spend more on the sector.

Meanwhile, advertising companies are offering more satisfactory services in market investigation and research, advertising planning and media arrangement, in line with the so-called "modern advertising concept."

More significantly, the overall quality of advertising services has been heightened through the government's efforts in regulating the advertising market, in which all private, collectively-owned or state-run enterprises are encouraged to compete for market share.

Besides, more and more foreign enterprises are vying for the Chinese market and are investing more to advertise their products.

To ensure a sound and healthy development of the sector, the government has promulgated a series of rules

and regulations to tighten control over advertising for food items, cosmetics and medicines in 1993, Liu added.

Qingjiang River Ship Lift Begins Construction

*OW2502003694 Beijing XINHUA in English 0012
GMT 25 Feb 94*

[Text] Wuhan, February 25 (XINHUA)—Construction of a ship lift at the Geheyan key water control project on the Qingjiang river, which empties into the Chang Jiang river eastward of the Three Gorges, started recently.

The building of the ship lift project, which requires a total investment of more than 200 million yuan, is aimed at establishing a reliable basis for the design and construction of another ship lift at the gigantic water control dam at the Three Gorges on the Chiang Jiang, said engineers responsible for the construction of the ship lift on Qingjiang river.

According to them, the main technical indexes of the ship lift under construction, designed and being constructed by the Wuhan Ship Building Company, observe a general proportion of one to ten with the ship lift to be built at the Three Gorges water control dam.

The ship lift now under construction is a major part of the Geheyan water control project. The ship lift, consisting of two separate vertical ship lifts, is expected to have a maximum lifting height of 122 m and a maximum lifting weight of 15,000 tons when completed and put into use in 1997, said the engineers.

Construction of the ship lift at the Geheyan water control project of Qingjiang river is of great importance for promoting the economy of Hubei and opening up mountainous southwestern Hubei in the Qingjiang river watershed.

Foreigners Praise Development of Infrastructure

*OW2502100994 Beijing XINHUA in English 0834
GMT 25 Feb 94*

[Text] Beijing, February 25 (XINHUA)—China's infrastructure, including energy, transport and telecommunications, a bedrock of China's investment environment, has clearly been improved during the past decade and more, though still lagging far behind China's economic development.

The situation has attracted overseas investors into the huge market in this field.

This is a view shared by representatives of nearly 20 overseas business offices in Beijing, as shown in recent interviews with XINHUA when asked about China's investment environment.

According to Chun Song-Chin, chief representative of the Beijing office of the Lucky-Goldstar International Corporation from the Republic of Korea, the Chinese Government has long been aware of the importance of developing its infrastructure and has put large sums into

it, as signally manifested by its determination to build the three gorges project and some other large water conservancy projects.

Klaus Kaltenthaler, chief Beijing representative of Germany's BASF Chemical Corporation, appreciated China's rapid development in telecommunications, saying that when the BASF came to China at the beginning of the '80s, China's telecommunication facilities were very backward, especially international telecommunication services.

But now, he said, China's telecommunications system was much better, with portable telephones and pagers widely in use.

H.T. Kung, director of the Public Relations Department of the AT&T China Company, noted that China has invested heavily in the development of telecommunications satellites, cables and program-controlled telephones, which will increase the telephone users rate from 2.15 percent of the population last year to 3 percent this year, and the rate is expected to reach 6 to 7 percent by the end of this century.

He added that this will in turn greatly promote China's economic development.

China's communication's development also left a strong impression on these overseas business people.

They felt that China's transport systems have been improved drastically, with great increases in the handling capacity of ports like Tianjin, Dalian and Shanghai, construction of more highways and electrification of railways, and opening of more domestic and international air routes.

They said, however, that China's infrastructure, still a weak point in China's investment environment, was lagging behind China's economic development, while from a long-term point of view, this field holds a huge market and vast potential for overseas investors who are also eager to be involved in this development.

With the speeding up of China's reform and opening up, Anne Stevenson-Yang, director of the Beijing office of the U.S.-China Business Council which has more than 250 U.S. member corporations, said that more and more U.S. companies want to take part in China's construction of airports, railways, highways and power stations, which has created a "craze" in the U.S.

On China's working efficiency and the quality of its personnel, these business executives believed that "the change in people's hearts and heads" and improvement of education are vitally important to China's reform and further improvement of China's investment environment.

On this point, China's finance sector attracts more of their interest. They said that they were pleased to see so many professional Chinese people engaged in that sector.

While thinking highly of the service of China's banks, they expressed their expectation of even better services in the future.

Dick Liu, president of the Du Pont China Company, said that Chinese Government officials are "more open, more cooperative and more efficient."

He took Du Pont as an example: the first contract signed in 1991 between Du Pont and China took a year and a half to achieve, while the second one signed last year only took a year, and the third one which is under negotiation is expected to be signed in several months.

Air Industry Expects High-Level Reshuffle

HK2402045794 Hong Kong EASTERN EXPRESS in English 24 Feb 94 p 6

[Report by Bruce Gilley]

[Text] A high-level reshuffle is expected in China's air industry in the wake of conflicts within the Chinese leadership over the allocation of six aircraft.

The president of China Southern, Yu Yanen, is likely to be stripped of power and replaced by a manager from another Chinese airline, according to mainland sources.

The conflict erupted in the State Council last month after a Vice-Premier, Zou Jiahua, backed Yu in resisting attempts by civil aviation officials to force China Southern to buy six Airbus A-340s, the sources said. Zou's 10-character letter of support for Yu, a copy of which was sent confidentially to Yu, read: "He [Yu] has a point. We need to reconsider it."

But Zou's attempt to intervene on behalf of his close associate was criticised by other senior leaders. "Mr Zou does not speak for the whole State Council," several unidentified state councillors said in an internal circular.

When China signed contracts for the aircraft, during a visit to Beijing last November by the German Chancellor Helmut Kohl, the main motivation was to show the United States "we can do without Boeing", the sources said.

Yu, whose China Southern flew only Boeings, argued that individual airlines should have autonomy in making aircraft purchase decisions. He accused the Civil Aviation Administration of China (CAAC) of withholding approval for long-haul flights to Europe and the U.S. unless China Southern accepted the A-340s.

But CAAC officials cited a 1984 document which said airlines could make decisions on "aircraft-related equipment" but did not have the power to determine which aircraft are purchased. The State Council decided to support the CAAC's enforcement of the document, allowing the agency to determine which airline would be saddled with the aircraft.

But Yu had remained defiant. "What are you dragging out this old document for?" he reportedly demanded in a meeting with CAAC in late January. "It was written before our airline even existed."

China Southern was created as a regional carrier in 1988, three years after China began breaking up its civil aviation monopoly. "If you really want us to take the planes, then you pay for them!" he is reported to have told officials.

Yu's outspokenness on the issue, which included drawing on his close relationships with the Premier, Li Peng, and the Guangdong Government, as well as Zou Jiahua, has landed him in the CAAC's bad books. "This was the worst example of Yu's belligerent behaviour towards the administration," a source said.

Yu will be stripped of his president's office and moved into the newly-created symbolic position of chairman of China Southern. The changes were being handled by CAAC's deputy director, Shen Yuankang, who has been given the task of whipping independently minded regional airlines into line.

This move, as well as other senior management changes within China's main airlines, will be announced when the CAAC holds its first national work meeting under its new director, Chen Guangyi, at the end of this month or in early March.

Airbus officials said they are confused by the affair. "I don't know their reasoning for signing a contract with no airline in mind. Only the Chinese can answer that," a spokesman, David Vellupilai, said. However, he said a decision needed to be made this year so that peripheral equipment selections could be made in preparation for the scheduled first delivery in 1995.

China Southern hoped to order Boeing 777-Bs, equivalent to the A-340, to begin its long haul flights. The airline management has been told its technical staff would have to be doubled to service the complex and unfamiliar Airbus planes.

Increase Seen in Scientific Research Firms

HK2402055494 Beijing CHINA DAILY in English 24 Feb 94 p 1

[By Ma Zhiping: "85 Percent Rise in Technical Service Companies"]

[Text] Scientific research and technological services are in demand. Last year, the number of firms engaged in such activity jumped by 85 per cent.

By the end of last year, 98,000 firms were involved in scientific services, statistics from the State Administration for Industry and Commerce indicated. Public health, sports, and welfare services also grew, as the number of firms in these areas grew 54 per cent over 1992.

Tertiary firms and companies in the fields of geological prospecting, education, art and culture, real estate, residential community services, and consulting also increased.

"This shows that the tertiary industry is developing smoothly" said officials with the State administration, which is in charge of issuing business licences.

However, transportation, postal and telecommunications, finance, and insurance services have failed to grow at a similar rate, the statistics indicated.

"The tertiary industry has great potential for development," the officials said, predicting that the country's service sector will develop rapidly in the coming years.

By the end of last year, 7.28 million enterprises employing 252 million workers were registered at the State administration and its local branches.

In 1993, they had a record 4,236 billion yuan (\$486.9 billion) in registered capital, surpassing the 2,780 billion yuan (\$319.5 billion) set in the previous year.

Never before in China's history have the number of enterprises grown so rapidly.

Among the country's enterprises, 5.02 million are engaged in tertiary industry, about 70 per cent of the total.

The average amount of capital registered by service sector corporations was about 1 million yuan (\$114,942), a 9 percent rise over 1992.

Hainan Province, Beijing, and Shanghai were hot spots for such firms. They listed 2.38 million yuan (\$0.27 million), 1.22 million yuan, and 1.17 million yuan in registered capital respectively.

While more than 1.83 million new enterprises and firms opened for business last year, some 340,000 companies folded—33 per cent more than in 1992—indicating increasing competition nationwide.

Beijing To Adopt New Strategy in Foreign Trade

HK2402131994 Hong Kong MING PAO in Chinese 18 Feb 94 p A11

[By special reporter Chuen Liang (0193 5328): "Recent Seminar on China's Foreign Economic Relations and Trade Reveals That China Will Adopt New Strategy of Exchanging Markets for Technology"]

[Text] At a seminar on China's foreign economic relations and trade in the 1990's held a few days ago, senior officials from China's foreign economic and trade departments revealed an "overall strategic concept" for foreign economic relations and trade in the 1990's. In the sphere of utilizing foreign capital, it covers the practice of exchanging markets for technology, a change from providing preferential treatment to certain regions to guiding them with industrial policies, amendments made

to relevant policies according to GATT requirements, the provision of "citizen treatment" for foreign-invested enterprises, and so on.

The concept also proposed that 10 extra-large foreign trade enterprises should be capable of competing with large multinational corporations and should be set up in China within five to eight years.

As pointed out in the "strategic concept," China's foreign trade increased by 16 percent each year between 1978 and 1992, which was seven percentage points higher than the national economic growth rate.

Foreign trade in the 1990's should continue growing at a rate three to five percentage points higher than that of economic development.

Taken as a whole, this "overall strategy on economy and trade" formulated by senior economic and trade specialists includes the following aspects:

- The formation of a domestic and international open pattern of multiple directions, channels, and areas; the development of a diversified markets with stress on the Asia-Pacific region; and the accelerated unification of the domestic and international economies.
- An extensive merger of foreign economic and trade undertakings, including the merger of foreign trade, foreign capital, foreign investment, and other foreign economic and trade businesses; "integrated" and coordinated development of commodities, technology, services, and trade; the close integration of multilateral, regional, and bilateral economic and trade cooperation; the close integration of trade, industry, agriculture, technology, banking, and commerce; and the integration of macroeconomic regulation and control at home and abroad, thus forming a concerted force for China to participate in international competition.
- Great changes in function, such as the expansion of the scope of foreign economic and trade, increasing contributions made to the economy as a whole, the promotion of industrial structural readjustment, and exercising a comprehensive, guiding role in economic and technological advances and industrial development.

In the utilization of foreign capital, it is necessary to increase scale, pay more attention to quality, and enhance the level of utilizing foreign capital in the regions of central and western China; carry out the practice of exchanging markets for technology; change from providing preferential treatment to certain regions to guiding them by industrial policies; expand the investment scope of multinational corporations; participate in the international division of labor with regard to technology and knowledge-intensive industries; grant treatment as citizens to foreign-invested enterprises; and extend the utilization of foreign capital to banking, insurance, transportation, commerce, and so on.

In importing technology, it is necessary to strive to increase the proportion of advanced technological equipment from 30.8 percent in 1990 to 40 percent by the end of this century, and greater emphasis should be laid on importing strategic industries.

In overseas investment, the proportion of investment abroad and the importation of foreign capital should be around 1:0.15, and work should be focused on giving export guidance, developing natural resources, and importing technical know how.

The concept put forth the necessity of establishing a number of large, comprehensive and internationalized foreign trade enterprises operating as enterprise groups, Chinese-style business firms with the nature of industrialized and internationalized foreign trade enterprise groups, and 10 extra-large economic and trade enterprises capable of competing with big multinational corporations within five to eight years.

Vice Minister Views Agricultural Development

HK2302124994 Beijing RENMIN RIBAO in Chinese
14 Feb 94 p 2

[Report on interviews by staff reporters He Jiazheng (0149 0502 2973) and Zhou Hongyang (0719 3126 3152): "How To Carry Out Comprehensive Agricultural Development?—Interview With Li Yanling, Vice Finance Minister and Director of the State Office for Comprehensive Agricultural Development"]

[Text] Comprehensive agricultural development, a huge project with an influence on the whole country, has already been implemented for five full years. The project has entailed a total investment of 20 billion yuan, has transformed 100 million mu of medium and low-yield fields, and has added 17.16 billion kg of grain over the past five years....

Nevertheless, many people do not have a good idea of what the project is, what goals it supposed to achieve, and how it is being carried out. Some confuse it with ordinary agricultural development, as we usually call it. For this reason, we called on Li Yanling, vice finance minister and director of the State Office for Comprehensive Agricultural Development.

[RENMIN RIBAO] What is the distinction between "comprehensive development" of agriculture and ordinary development, as we usually call it?

[Li Yanling] Comprehensive agricultural development is distinguished by its "comprehensiveness." Comprehensive agricultural development has a special meaning. It is a real engineering project with fixed sources of funds, clear principles of development, strict management methods, and special organizations for its organization. Its use of resources is comprehensive. It emphasizes the transformation of medium and low-yield fields while increasing the area of farmland at the same time. Its main contents are to increase production of grain,

cotton, edible oils, meat, and sugar, and to carry out the comprehensive management and development of hills, water, level fields, afforestation, and road construction with high starting points and high standards. It carries out project management in development areas with reference to industrial management methods. The State Office for Comprehensive Agricultural Development coordinates planning, finance, and banking, as well as agriculture, forestry, and water works. It is specifically in charge of selecting and deciding on projects in various development areas and is in charge of project development, examination, and acceptance as well as the achievement of targets. Development funds are shared by the center, the local authorities, and the banks. The center's financial expenditures on this now comes to 2 billion yuan or so each year, while the province, prefecture, and county contribute one-third each and banks extend loans in keeping with the proportion of the center's financial appropriations. These funds, plus the deposits of vast numbers of peasants, form a huge development force. Over the past five years, we have invested a total of 20 billion yuan in various project areas and have obtained very obvious comprehensive efficiency.

[RENMIN RIBAO] Such a large investment, with 20 billion yuan spent over five years on land development, is rare. Could you tell us what the main direction for development is?

[Li] This large-scale, comprehensive agricultural development set up as a project by the state is an important measure by the state to increase agricultural investment and enhance the comprehensive productive capability of agriculture. Since the measure has integrated an appropriate scale of operation with the contract responsibility system on a household basis with remuneration linked to output, integrated the state's macroscopic regulation and control with the full utilization of incentives for peasants, and integrated an improvement of basic conditions for agricultural production with increasing peasants' incomes; this has produced remarkable achievements. Development areas have taken on a rural look where one can find tracts of fields, rows of trees, and networks of canals and roads are linked and bridges and dams are linked and matched. Conditions for production have improved, peasants' incomes have increased accordingly, and agriculture, forestry, animal husbandry, sideline occupations, and fisheries are developing in an all-round way. Practice over the years shows that the investment direction is clear and the input-output ratio is very high, and that financially speaking, capital returns on comprehensive agricultural development are good as well.

[RENMIN RIBAO] Where do you think the success of the "method of project management" adopted for comprehensive development lies as far as the procurement, use, and management of funds is concerned?

[Li] Carrying out comprehensive agricultural development in line with project management is a World Bank-aided project carried out with reference to industrial management methods. It is also managed by employing these methods. The most distinctive characteristic of project management is that we invest funds right into these projects, rather than "scattering" them everywhere without a definite goal. With state investment taking the lead, all localities now have the incentive and can choose projects in their own areas according to the requirements of the projects. After deciding on these projects, and when the funds from the center arrive, they can attract the same amount of funds as supporting funds. Most of this portion of the funds is used to improve the conditions for agricultural production, while a small proportion is used to develop diverse economic sectors, thus stabilizing grain and cotton production and increasing incomes simultaneously. As for bank loans, a small proportion of them is used to improve production conditions and the main proportion is used to develop high-yield, high-quality, and high-efficiency agriculture and diverse economic sectors so as to ensure that peasants' incomes will increase after development.

There is a regulatory mechanism which provides a very high incentive to all localities and ensures projects are done well. If your project proceeds well and is passed in keeping with requirements, then the center and the banks will continue to pump in funds. If it does not proceed well, then they will withdraw the funds. The better a project proceeds, the more funds will be pumped into it. These investments are directly made in the land of the localities and conform to local interests. The state has also achieved government control [zheng fu xing wei 2398 1650 5887 3634] over land development by means of macroscopic regulation and control.

As for the use and management of funds, since development areas have various levels of responsibility systems or contractual restrictions for comprehensive agricultural development at all levels, the effective use of development funds is guaranteed. Zhejiang has done very well in the procurement of agricultural development funds. They have reached the financial ratio of 1.47:1, exceeding the ratio of 1:1 demanded by the center. In keeping with the principle that "whoever borrows the money repays it, whoever lends the money gets it back, and whoever profits assumes responsibility," repayment measures for the repayable funds are practical. Despite the fact that the amount of funds invested by the center is not very large at the present time, since 30 percent is used with compensation, it can form a revolving investment mechanism when this is retrieved.

[RENMIN RIBAO] At present, some of the funds for comprehensive agricultural development must be repaid. Could you tell me what specific contents this has?

[Li] This is also a question I wanted to talk about. In the course of establishing a socialist market economic structure, it is necessary to renew concepts, improve our

understanding, and change the traditional idea that "the state finances while the peasants farm." The partially compensated use of the comprehensive agricultural development funds was confirmed right from the very beginning. The specific arrangements are: 50 percent of investment is made by the center in projects without compensation, while the other 50 percent must be repaid in due time. The funds retrieved can be reinvested for revolving investment purposes. The compensated use of agricultural development funds is a great reform in agricultural support funds. On the one hand, it can enhance the sense of responsibility of the funds user and improve the efficiency of funds use. On the other hand, it is possible to gradually alleviate the long-standing shortage of agricultural funds through revolving use.

[RENMIN RIBAO] In interviews, we mostly heard calls to initiate projects and ask for funds, and this shows the great appeal of comprehensive development to all localities. We would like you to talk about how the funds are invested in this area.

[Li] Comprehensive development funds are divided into three parts, which I have mentioned previously. The main source of funds or the original main channel was agricultural development funds, which included proceeds taken out of budget regulating funds, farmland use tax, tax levied on special agricultural and forestry products, and others. Since the introduction of some reform measures, some of the original funds channels have disappeared and others channels have no funds coming in. Following the continuous development of comprehensive agricultural development, investment will surely be increased in the future. At present, the center directly makes provisions for these funds in its budget each year. Moreover, it is going to increase this year by year. The net land value-added tax portion of the property value-added tax recently levied by the state should be included in the investment plan for comprehensive agricultural development by all possible means. Moreover, the portion of tax levied excessively on special agricultural and forestry products in previous years should mostly be used for comprehensive agricultural development. Bank loans should be increased year by year on the present basis. The strategic consideration is that funds for comprehensive agricultural development should gradually tilt toward the central and western regions. On the whole, funds used for comprehensive agricultural development can only be increased, but not the other way round.

RENMIN RIBAO Views Peasant Labor Problems
HK2502112694 Beijing RENMIN RIBAO in Chinese
15 Feb 94 p 2

[By staff reporter Ban Mingli (2432 2494 7787): "A Laborer's Letter to RENMIN RIBAO Voices His Thinking on Labor Flow"]

[Text] Many people are talking about the "wave of peasant laborers" these days but how many people have

listened to the words from their hearts or have a real understanding of them? I dare not say I do. I am only one of these people.

On 26 January 1993, I wrote a report entitled "'Ten Thousand People Want' To Become 'Another Thousand People's Friends,'" introducing Tianjin's labor service market. In it, one short paragraph mentioned how the market guided the "wave of peasant laborers" and it also carried a short commentary affirming that the labor service market's exploration about that was very meaningful and that this should be continued. Honestly, although the short commentary discussed the question of how to guide and manage peasant laborers, I cannot but admit that I had misgivings about whether I could shoulder this heavy task for the labor force market.

The labor force market now has limited conditions but the "wave of peasant laborers" is great. Although it may be possible to find jobs for some peasant laborers, the number is insignificant. Moreover, peasant laborers can move about freely. Are they willing to accept orderly management?

My misgivings have been dispelled since I received a letter on 5 February from "a man who has a job," voicing his thoughts.

The man is called Zhang Dejin, a worker in the service detachment of Shilou Fire Service in Fangshan district, Beijing. Although we never met, I can say for sure from his letter that he is a peasant worker, a villager from the hills. After reading the report of how Tianjin's labor force market guided the "wave of peasant workers," he wrote me a letter with great excitement, saying that "he had had this idea for six or seven years and had finally found the person to talk to about it." I am honored that as an author, I have the trust of a reader but I feel that the weight of the letter lies in the words which profoundly analyze the "indiscriminate flow of laborers" and which call for the founding of a peasant labor market with full expectations.

Let me reveal the original contents of the letter to all of you.

"After working for one year outside, I had this idea: Why does society call peasant laborers 'indiscriminately flowing laborers.' It means that first, they are flowing indiscriminately; second, there is a gap between city and rural people; third, peasant laborers create many unhealthy trends in society, exert a very bad influence on social stability, and so forth."

The "wave of peasant laborers" makes a "wave" because of the large number of laborers who need transport each year and cause a big headache. Service personnel in buses and on trains are disgusted with them. Their bulky personal baggage causes inconvenience to work personnel. What they do causes harm to those who are touring, visiting friends and families, and on business trips.... How do city dwellers look on peasant laborers. Most of the laborers do filthy manual work and they do not change

their working clothes. In a bus, if a peasant laborer stands by the side of a seated passenger, he will immediately stand up and give him the seat. What effect do their words and deeds have on city children.... City dwellers look down on them. They have reason to discriminate against them. When a person comes to a strange place without a cent, with very little education, and holding extreme views, what can he do in order to survive. What will he get up to? So long as someone gives him money and food he will do whatever he wants including committing crime. The starting point for prostitution in society is like this: A country girl whose head is full of feudal ideas has been deceived. In order to fight back and survive, she can only live like this. What excuse do they use to abduct and traffic in women. Most of them use the pretense of employing workers, child workers from society. The article "Where Have the Hill Girls Gone" on page 10 of the 25 January edition of RENMIN RIBAO, was just part of the story. I am illiterate because I began to work very early and this has been very harmful to my own body."

Here I have quoted large paragraphs of Zhang Dejin's original words. I did not even change his grammar and the mistake of not using question marks at the end of questions. Although the letter may have flaws, it does not cause the peasant laborer, who is in the wave, produce an inferior analysis of himself. If we say that city dwellers mostly see the surface of the "indiscriminate flow," then peasant laborers themselves dare to analyze the question from the angles of society and themselves.

The beginning of the decadent phenomena. Peasant laborers consider bribing and giving presents as paying a debt of gratitude. Many have come to work in cities. I know that some of them, the quick minds as they are called in society, are up to some bad things. Now that peasant laborers need to be managed, they seize this opportunity to invite guests, give presents, and become laborers' foremen. Will these foremen still participate in labor? Many shoddy and fake products come from the hands of peasant laborers. For example, taking advantage of peasant laborers, many small private enterprises do not register for a place of temporary residence and do not obtain temporary residence certificates. They do not register with the authorities and yet begin production in out-of-the-way places on the outskirts and they sell their products by improper means. Moreover, these units also evade taxes and their products seriously affect the market. How do the small businessmen from the flowing population lead a life, and so forth? Can all these phenomena be resolved equitably? Yes, they can but who will trouble to do this? "In areas where peasant laborers abound, there are no village-run enterprises and nearly no township-run enterprises. So what are the village and township work personnel doing? They have time, energy, and ability to rationally send peasant laborers to employing units. For what do peasant laborers hope? Before I left home, I had thought that it would be a little easier to make money in a place nearer home. There were already three parties that had asked for money, and there would not be a fourth

party. A person who has a wife and children hopes that his family will be taken care of properly. It is more appropriate for him to be near home. There was an article on page five of the 29 January edition of RENMIN RIBAO entitled: "The Core of Rural Work Cannot be Independent of Developing Agriculture." Parents hope that their children will go to a definite place so they do not have to worry about them. Female housekeepers and female workers in individually-run restaurants are particularly afraid. Families hiring the housekeepers fear that they will not behave themselves. Bosses of individual entrepreneurs are the same. Employing units and individuals have the backing of the government's labor department. Peasant laborers have the backing of a basic-level village or township government and both sides have the sense of security. If villages or townships act as employment agencies, they can increase incomes and lessen peasant burdens at the same time. If so, foremen who only invite guests and give presents and who do not do labor must also participate in labor, thus promoting the current "anticorruption" work. It is the same now as when I worked as a worker that foremen do not work a single day and that, at the end of each month, they give presents, settle accounts, retain their portion, and give out the remainder as wages."

Zhang Dejin's hope for the use of rural labor force is that it "be like conscription in which a certain unit registers at a designated place." He said: "The following are some of my suggestions for the rational arrangement for peasant laborers. My suggestion is that every city should have a labor service market. How many markets are like that of Tianjin. What figure makes the "wave of peasant laborers" a "wave." In order to cope with this, we can only begin work with the government first. Take back the portion previously taken by foremen and peasant laborers contribute their part. For example, registration fees and labor insurance can be used to develop the labor force market. If so, it would develop much faster than it does. For example, our Pingyuan County has a vast flowing population. Through the county's labor affairs bureau, peasant laborers had to pay several dozen yuan without going out in order to vie for vacancies in the Hubei Oil Field and Beijing's police and public security units. What vacancies there were, I did not have a good idea. Anyway, peasant laborers thought this was reasonable. The government labor affairs bureau can collect an introductory charge from employing units and individuals. They are very willing to pay the money. Establishing and improving the labor force market, step by step, by pooling funds from laborers is much quicker than the natural establishment. The greatest beneficiaries are the whole society, whole country, and laborers themselves."

This ordinary, letter which is full of genuine feelings, is enough to enable city dwellers to understand more about the so-called "indiscriminate flow." The opinion on the significance, ways, and means of establishing a labor service market for peasant laborers in the letter does enough to win the respect of city dwellers.

Having an idea of something is the foundation of understanding it and understanding precedes the "resolution"

of a problem. Cities have a great responsibility to resolve the "wave of peasant laborers" and they are an important market for absorbing the rural work force. Only by first understanding peasant laborers can we enthusiastically think of the ways to take action to help them find a way out. Not only labor affairs departments should do this but also the government and all quarters of society should care for them. Peasant laborers are the main body of the labor force market. The fact that they have such earnest aspirations and ideas to establish a labor force market offers a good foundation for the establishment of this market.

If we can find more jobs or make good arrangements for peasant laborers, their livelihood can be guaranteed and stability will prevail in society. Moreover, it is possible that many a good and talented people, such as entrepreneurs and scientists, will emerge from these peasant laborers one day!

The opportunity is now. Zhang Dejin's letter also tells us one thing: "As a national traditional festival, the Spring Festival is a very good opportunity. Peasant workers are now spending the holiday back home and village and township governments have the best time to control their flow." Places charged with the task of exporting labor services must not miss this opportunity from now on. With the great importance attached to it by governments at all levels, with organization by labor departments, and with the support of peasant laborers and employing units, the rural labor force market will surely and undoubtedly grow and expand.

Anhui Coordinates Movement of Rural Labor Force

OW2402014394 Beijing XINHUA in English 0128 GMT 24 Feb 94

[Text] Hefei, February 24 (XINHUA)—East China's Anhui Province has fostered the development of multi-level labor markets to exercise control over the formerly disorganized outflow of rural labor forces to cities and towns.

Improvement of rural productivity has resulted in a labor surplus in many rural areas. These surplus laborers push into new areas, especially into cities which seem to promise more work opportunities and better lives.

Individual introduction used to be the most common way for farmers to find employment. But the spreading of false information or even downright swindling commonly left farmers with losses of money and time.

To eliminate the blind seeking of employment and better organize the surplus labor force, labor markets have been established in 16 cities and 68 counties of the province and more than 400 career-introduction institutions have mushroomed in rural towns and villages.

Offering a series of services including registration, arrangement of interview, supervision of signing and

implementation of employment and labor insurance contracts, those labor markets have successfully satisfied the demands for laborers in enterprises and accorded employment to many rural laborers.

Zhang Gongyou, a farmer from Wuwei county, was employed as a salesman for a Beijing-based commercial enterprise only ten days after his registration in the county's labor market. He said happily that the labor market had saved his money and time and he could hardly believe that seeking a job could be so quick and easy.

According to officials of the provincial labor bureau, up to now 600,000 rural laborers, or one-fourth of the total who had crowded into cities seeking opportunities and temporary jobs, have been channeled through labor markets.

The Huainan and Huaibei coal mines, which once experienced much difficulty in hiring enough miners, have managed to employ 20,000 rural contracted laborers thanks to the introduction of labor markets.

The Anhui Labor Bureau has also for the first time sent nearly 1,000 laborers to Japan and the Philippines.

The province plans to further strengthen the implementation of relevant laws and improve quality and effectiveness in offering labor services to its five million surplus rural laborers this year, said the labor bureau official.

State Loans To Boost Rural Power Plan

HK2502100494 Beijing CHINA DAILY in English 25 Feb 94 p 1

[By staff reporter Wang Yonghong: "State Loans To Help Spark Rural Power Plan"]

[Text] The government plans to increase investment in its ambitious rural electrification programme.

The ongoing second phase of the scheme, which will supply electricity to 90 per cent of households in 200 counties nationwide, will get a big help from loans.

In 1991 the State began annually allocating 200 million yuan (\$23 million) from its fiscal budget to the project.

This year the loans will be increased, said Vice-Minister Chen Yaobang of the State Planning Commission.

Chen made the statement at the opening meeting yesterday of the national conference on rural electrification.

The loans from the China Agricultural Bank and other domestic banks will increase from last year's 1 billion yuan (\$115 million) to 1.7 billion yuan (\$181 million), said Zhang Chunyuan, Vice-Minister of Water Resources.

China launched the project in 1991, aiming to develop hydroelectric power.

Most of the counties covered by the programme are in the South.

The State has targeted 200 counties in 24 provinces and autonomous regions—most on the government's list of underdeveloped areas.

It is part of the national bid to lay a solid foundation for rural social and economic development.

In the past three years, machinery capable of generating 3.77 million kilowatts of electricity has been installed. They can now generate 594 million kilowatt-hours in electricity.

More than 18 million farmers from 5 million families in programme-covered counties now have electricity as a result.

At the conference, which ends tomorrow, 14 counties were awarded for meeting the programme's electricity target.

Under the scheme, the annual electricity consumption of households in the counties is expected to be more than 200 kwh—the national average for rural areas.

And industry and agriculture in these areas will be assured of electricity for at least 330 days a year.

Zhang said machinery capable of generating 15 million kilowatts in electricity needs to be completed by 1995 to meet the project's goals.

At the meeting Zhang said the programme will be extended to another 300 counties for the Ninth Five-year Plan period (1996-2000).

Chronic Drought Destroys Winter Crops in North
HK2402054894 Beijing CHINA DAILY in English 24 Feb 94 p 3

[By Wang Ma: "Northern Crops Are Devastated by Drought"]

[Text] A chronic drought has destroyed many winter crops in North and Northwest China and is threatening to wipe out spring harvests of grain and cotton.

A Shaanxi drought control official said that combating the protracted water shortage is at the top of his province's agenda.

Many crops have grown poorly and some seedlings have even died because of the drought, the official told China Daily.

The city of Xianyang lost 2,700 hectares of winter wheat when seedlings died, he said.

Meanwhile, many rivers and dams in the province are rapidly losing water.

"The drought has seriously affected the preparation for spring farming, especially of cotton," he said.

An additional 1.2 million hectares of winter wheat—or two-thirds of all farmland for summer harvest—are threatened by the drought.

The problem has persisted since the start of winter, leaving more than 6.7 million hectares of farmland across the north and northwest which have not been irrigated difficult to sow, People's Daily [RENMIN RIBAO] reported yesterday.

And the lack of moisture in some winter wheat areas also makes spring ploughing more difficult, the paper said.

The drought-control official said irrigation departments have pumped water to 646,600 hectares of farm land.

Yuncheng Prefecture, another hard hit area in North China's Shanxi Province has used every irrigation facility and power capacity to get water to its farms.

But as provincial governments in the north are scrambling to find adequate water supplies, the rest of China is ready for a bumper crop.

The government's price hikes on rice and cotton last year left farmers in higher spirits with more money for labour and investment.

In Hubei and Hunan, two major grain and cotton producing provinces in Central China, fertilizers and grain and cotton seeds are in great demand.

Statistics from Hunan Province said its farmers had bought a record 337,100 tons of fertilizer in December, 120 per cent more than the year before.

Report Details High-Yield Rice Hybrid
OW2402202194 Beijing XINHUA in English 1106 GMT 24 Feb 94

[Text] Changsha, February 24 (XINHUA)—An international prize-winning high-yield hybrid rice seed production technology has been made into TV programs, both in English and Chinese, in central China's Hunan Province.

The technology, which was invented by the young agronomist Huang Peijin after five years' painstaking efforts, is believed to be able to solve the long-existing problem of low yields per ha [hectare] when producing hybrid rice seeds.

The application of the technology in Lingling Prefecture has recorded a per ha average output of 4,500 kg on a large area of farmland over the past three years, and helped save more than 3,000 hectares of improved farmland from making rice seed, bringing about 40 million yuan in output value.

Domestic and overseas experts say that the technology is of high value in application.

25 February 1994

The invention of the technology, which has also obtained a national patent, has brought Huang many honors, including the gold prize given by the International Intellectual Property Organization.

Professor Yuan Longping, dubbed "father of hybrid rice" and a chief technical advisor for the technology,

wrote inscriptions for the TV programs made by the seed company in Lingling Prefecture of Hunan.

Teaching materials, both in English and Chinese, have also been published by China Scientific and Technological Publishing House in tandem with the TV programs, according to local officials.

East Region

Lu Rongjing Tours Anhui Localities 15-22 Jan
OW2002132194 Hefei ANHUI RIBAO in Chinese 26 Jan 94 p 1

[By Zong He (1350 4421): "While Inspecting Grass-Roots Units Recently, Lu Rongjing Stressed: Value Opportunities, Pay Attention To Refraining From Complacency, Press On to the Finish Without Letup, and Sustain the Favorable Momentum for Development"]

[Text] We are at a crucial stage whereby, if we push on, we may succeed, whereas if we slacken our efforts, we will fail. Various localities must comprehensively understand and earnestly implement the guidelines of the Third Plenary Session of the 14th CPC Central Committee and the 10th (enlarged) plenum of the fifth Anhui provincial party committee; we must persistently endure hardships, press on to the finish without letup, seize favorable opportunities and make progress, and strive in every possible way to sustain the favorable momentum for development. These views have been repeatedly stressed by Lu Rongjing, secretary of the Anhui provincial party committee, during his recent inspection tour of grass-roots units.

Lu Rongjing was inspecting and conducting research in various localities including Fanchang, Tongling, Qingyang, Shitai, Guichi, and Dongzhi from 15 to 22 January. He was particularly interested in learning how the guidelines of the 10th (enlarged) plenum of the fifth Anhui provincial party committee have been implemented. He braved severe cold and snowstorms, visited deeply in rural areas and enterprises, and studied the actual situation through personal contacts. He also held extensive discussions with grass-roots cadres and the masses. Wherever he went, he fully affirmed and commended cadres and the masses for their optimistic spirits and for the large number of laudable examples among them.

Lu Rongjing said: Anhui's current situation is very good. Various localities are earnestly formulating and promptly implementing 1994's tasks according to the requirements of the provincial party committee and government. However, we should also notice that progress has not been balanced enough. After achieving certain accomplishments in 1993, some localities expressed the idea that they should take a rest, and they somewhat slackened their efforts in arranging and carrying out their work. We must attach importance to such a situation. Our efforts should be enhanced but not slackened, and our enthusiasm should be increased but not reduced. Various localities, especially leading comrades at various levels, must continue to be level-headed, and must not slacken their efforts or vigilance. We should value the excellent conditions, should seize rare opportunities, should continually promote the efforts and enthusiasm we displayed in our work in 1993, and should continue to make new efforts so as to attain a higher level of fresh accomplishments.

Lu Rongjing pointed out: A whole year's work depends on a good start in the spring. We should pay closer and closer attention to various tasks, without any letup, at the beginning of the year. Otherwise, if we are sluggish at the beginning, our initial passivity will make us lag throughout the year. At present, the situation is progressing very favorably: Everyone is competing with one another. Stopping or moving slowly is considered regression. Time passes very swiftly, and it will be very difficult to catch up later. All of us must fully understand the aforementioned concept. The Spring Festival is approaching very soon. Our tasks in various fields are very heavy. We should make overall plans after taking all factors into consideration, should emphasize key tasks, and should properly make corresponding arrangements. While strictly and properly carrying out various other tasks, we should not slacken, even for a moment, our efforts, particularly on economic work, so as to lay a good foundation for competently completing all the tasks in 1994.

Lu Rongjing stressed: Our key to accomplishing the tasks laid down by the 10th plenum of the fifth Anhui provincial party committee lies in strictly carrying out various tasks. At present, our reform tasks have entered a stage whereby we have to comprehensively resolve tough problems and a lot of work has become more complicated. They include ways to fulfill the requirements for establishing a modern enterprise system, how to further invigorate enterprises, how to gear up for the market, and ways to accelerate economic restructuring in the agricultural sector. We need to make great efforts to study and resolve many deep-seated contradictions and problems in the aforementioned issues. Leading cadres at various levels should truly involve themselves, should earnestly collect and understand firsthand information, should conscientiously summarize the creative work of the broad masses of cadres and people during their actual practice of it, and should provide specific guidance under various categories so as to help cadres and people at the lower level promptly resolve their actual existing problems. We should implement a rigorous responsibility system so that every task will be earnestly carried out.

Wherever he went, Lu Rongjing visited peasants' families, expressed concern for their well-being, and meticulously inquired about their production and lives. He repeatedly told local responsible cadres who accompanied him: We must be concerned for the masses' lives. We must warmly express concerns, particularly for households which have been guaranteed that they will be provided with clothing, food, housing, and medical services during their lifetimes, and funeral services when they die; for destitute families, and for dependents and family members of active-duty service members and of revolutionary martyrs. We must constantly get to know their living conditions and must render timely assistance to them if they have difficulties. Before the Spring Festival arrives, various localities should mobilize and

organize personnel in various sectors to launch warmth-extending campaigns so as to enable the broad masses of people to happily enjoy a pleasant lunar new year.

During his inspection tour, Lu Rongjing also visited some military garrisons, where he called on and extended festive greetings to officers and service members.

Accompanying him in the inspection tour were Fang Zhaoxiang, deputy secretary of the provincial party committee; Ji Jiahong [1323 1367 1347], secretary general of the provincial party committee; and Lu Jiafeng [4151 1367 0023], deputy secretary general of the provincial party committee and director of the provincial party committee policy research center.

Fujian Secretary Addresses Construction Workers *HK2402041894 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 23 Feb 94*

[Text] Yesterday afternoon [23 February], provincial leaders Jia Qinglin [provincial party committee secretary and governor], Lin Kaiqin, and Shi Xingmou came to the conference hall on the sixth floor of the provincial expressway headquarters and praised expressway builders present there.

Comrade Jia Qinglin said: Last year, expressway builders worked day and night for Fujian's expressway projects. The provincial party committee, provincial government, and people throughout the province are thankful to them. We must build highways if we want to live a happy life. Since the deepening of reform, more and more people have understood the importance of building expressways and have acknowledged your achievements. Owing to speedy economic development in the province, however, Fujian's transportation facilities have become incompatible with economic construction. Therefore the people throughout the province urgently feel the need to have expressways built. In this situation, you have a heavier burden to undertake and a more glorious task to fulfill. We should seize the opportunity and do a good job in expressway construction. [words indistinct]

Fujian Expands Civil Aviation Industry

Three Civilian Airports

HK2302093994 Beijing ZHONGGUO XINWEN SHE in English 0734 GMT 23 Feb 94

[Text] Fuzhou, February 23 (CNS)—Fujian has in recent years seen rapid development of its civil aviation industry with the province now having three airports for civilian purposes, two airlines and 80 domestic and international air routes, forming an air transport network linking up with various places in the country as well as with the international community.

The province has raised capital through many channels including governmental financial allocation and joint

investment of various kinds to promote the development of the civil aviation industry there with the newly-built Gaoqi International Airport in Xiamen and the Fuzhou Airport being transformed and expanded at a cost of several hundred million renminbi now making it capable of simultaneously housing eight Boeing 757 airliners and handling a passenger flow of 1.165 million and 18 million tonnes of freight annually. The growth for this industry is expected to be 30 percent every year.

At present, the province owns four civil airliners and operates 390 regular flights each week, linking up 70 cities at home and abroad. The annual volume of air passengers handled in the province exceed 3.7 million and cargo of 30 million tonnes, ranking the province tenth in the country in this sector up from one of the more backward ones in the past.

In addition, the province has plans to build several other airports including international airport in Changle, the Shaxian Airport in Sanming City and the Qingyang Airport in Jinjiang City.

Further on Air Services

OW2402124494 Beijing XINHUA in English 0729 GMT 24 Feb 94

[Text] Fuzhou, February 24 (XINHUA)—Southeast China's Fujian Province is expanding its air services to meet its rapid economic development.

The province has three airports and two airlines, which have opened about 80 routes linking province with other provinces and with overseas countries and regions.

The three airports are at Fuzhou, capital of Fujian Province, Xiamen, one of China's five special economic zones, and Wuyishan City, a noted scenic spot.

Fujian now has 390 airliners flying between the province and more than 70 cities at home and abroad per week. The annual handling capacity amounts to 3.721 million people and 30 million tons of cargo.

The province is set to build three more airports—at Fuzhou, Sanming and Jinjiang cities.

Fujian Employment Agencies Develop

OW2302100594 Beijing XINHUA in English 0945 GMT 23 Feb 94

[Text] Fuzhou, February 23 (XINHUA)—Job-finding has become an increasingly active service in East China's Fujian Province, with the market economy developing rapidly in China.

Recently, Jinan labor market in the capital city of Fuzhou, the largest labour market in Fujian, celebrated its success in finding the 10,000th job since 1992.

Sample statistics show that there are now more than 300 job-finding agencies in the province, which have found jobs for more than a million people.

In contrast, job-finding agencies were unknown in China before it initiated its market economic reform in the early 1980s. People were then allocated jobs instead of finding them and had little freedom of choice.

The year 1988 saw the establishment of the Fujian Company of Talent Development and Service of the provincial personnel bureau, the first job-finding agency in the province. Over the past five years, it has found jobs for thousands of job seekers, including returned students from overseas.

The majority of the job-finding agencies are sponsored by labor departments. By June 1993 some 255 such agencies had been so sponsored. The markets play an important role in the distribution of labor resources.

The job seekers in the markets have to show their I.D. cards and other relevant certificates and the markets have a list of employers and job-seekers, to match them up. The agency is paid both by the employer and the job-seeker.

In the second half of last year, the provincial government decided to give greater support to non-governmental bodies and individuals in opening job-finding agencies.

The decision gave a boost to the prosperous service.

in quanzhou, a coastal city where the non-state-run economy dominates, 93 job-finding agencies had been set up by the end of last year.

At present, nearly a million laborers needed by the foreign-funded, township and private-run enterprises in the city come mainly from the labor markets.

Jiangsu Secretary's Speech at Spring Tea Party

OW2402135694 Nanjing XINHUA RIBAO in Chinese 6 Feb 94 p 1

["Speech by Comrade Chen Huanyou at Spring Festival Tea Party for Representatives of All Circles in Jiangsu Province (5 February 1994)"]

[Excerpts] Comrades, friends:

I am very happy to have this opportunity to get together with you on the eve of the Spring Festival. [passage omitted]

Jiangsu made new progress in economic development, reform, and opening up in 1993. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, localities across the province seized the opportunity to accelerate the pace of reform and opening up and to promote sustained, rapid, and healthy growth of the economy. Total GNP for the year was 255 billion yuan, up 18.5 percent over the previous year and fulfilling the goal of quadruplication seven years ahead of schedule.

New progress was also made in party building, in promoting the spiritual civilization, in strengthening democracy and legality, and in all other social undertakings. [passage omitted]

Jiangsu Province Tames Hongze River, Develops Irrigation

OW2502075194 Beijing XINHUA in English 0710 GMT 25 Feb 94

[Text] Nanjing, February 25 (XINHUA)—The Hongze River in northern Jiangsu Province, which used to be notorious for disastrous floods, has been tamed and now irrigates fields, offers convenient transportation and is a rich source of fish.

The bed of the Hongze River is higher than the surrounding areas as a result of silt caused by the overflowing of the Yellow River in the past.

A 67.25-km-long dam has been built to prevent leakage of water. The dam is five to nine meters higher than the ground level.

According to Lu Senlin, director of the Hongze River Harnessing Committee, the government has organized the local people to dig and renovate irrigation ditches, dredge the mouth of the Huaihe River, and build three major floodgates to allow floodwaters to drain off at a rate of 11,800 cu m [cubic meters] per second since the 1950s.

While diverting water to irrigate farmland, local people have made full use of the water resources.

A survey shows that the output of aquatic products amounted to 71,000 tons last year, an increase of 4.7 times over 1985.

Jiangxi To Build Expressway to Guangdong

OW2402125194 Beijing XINHUA in English 0806 GMT 24 Feb 94

[Text] Nanchang, February 24 (XINHUA)—East China's Jiangxi Province is expected to build a 10.5 billion yuan (1.2 billion U.S. dollars) expressway linking its capital with Guangdong, an economically-booming province.

A local official in charge of transport said that building work on the 580-kilometer-long four-lane expressway will start next year.

Scheduled for completion in about ten years, the whole project will be built in three phases.

The first construction phase includes a 78-kilometer-long section from Nanchang, the provincial capital, to Zhangshu, costing 1.6 billion yuan. Construction will begin next spring and be completed in the end of 1997.

The second expressway section from Zhangshu to Jian will be completed before the year 2000, and the third from Jian to Longnan, bordering on Guangdong Province, by the year 2005.

When finished, the official noted, Jiangxi will have a transport network, which is expected to help the province to boost its local economy and open wider to the outside world.

Jiangxi Develops Industrial Corridor

OW2402184394 Beijing XINHUA in English 0835
GMT 24 Feb 94

[Text] Nanchang, February 24 (XINHUA)—A 120-kilometer-long industrial corridor in east China's Jiangxi Province has developed rapidly during recent years.

Starting from the provincial capital of Nanchang in the south and ending at Jiujiang, a port city on the Chang Jiang in the north, the industrial corridor is expected to become the pillar of the local economy in the foreseeable future.

The corridor's total industrial output value topped 26 billion yuan last year, with a growth of about 40 percent over that of 1992.

The amount of foreign investment utilized, which was 135 million yuan, has also more than doubled that of the previous year.

First established in 1992, the corridor has witnessed a conspicuous improvement in its investment environment since then.

Nanchang-Jiujiang first-rate highway and the second phase of Jiujiang electricity factory project have been put into operation in succession.

The 2,780-meter-long Nanchang Bridge over the Ganjiang has also opened to traffic, alleviating local traffic jams.

Thirty-seven communication projects have been completed and the number of computer-controlled telephone sets installed have reached 143,500.

The eight provincial development zones along the industrial corridor totally earmarked 200 million yuan for infrastructure constructions last year.

By now, blessed with the best transportation and communication conditions and most advanced energy industry in the province, regions along the corridor have aroused interest of more and more foreign investors.

In 1993, newly-approved foreign-invested projects reached 764, with a contracted investment of 610 million U.S. dollars. Among them, 145 have started business and been put into operation and 250 of them are under construction.

Shandong Secretary Discusses United Front Work SK2402072294 Jinan DAZHONG RIBAO in Chinese 26 Jan 94 pp 1, 3

[Text] At the 25 January provincial united front work conference, Jiang Chunyun, secretary of the provincial party committee, emphasized: The party's united front is an important magic weapon for us to fulfill the various tasks in the new situation. Party committees at all levels in the province should attach importance to and strengthen the party's united front work and, following the changes in the situation and tasks, continuously study the new conditions, put forward new demands, create new experiences, further consolidate and develop the broadest patriotic united front, and ensure the inexhaustible source of strength and the broad and solid mass foundation for reform, opening up, and economic construction.

In his speech, Jiang Chunyun first emphasized the need to further enhance the understanding of the importance of the united front work in the new situation. He pointed out: The united front that our party established under the leadership of Comrade Mao Zedong was an important weapon for China to win victory in revolution and construction. In the new historical period, Comrade Deng Xiaoping led our party to again make new and significant contributions to consolidating and developing the united front and clearly defined it as an important component of the theory and practice of building socialism with Chinese characteristics. Comrade Jiang Zemin put forward clear requirements on the united front work in the new situation and gave important instructions. We must profoundly understand the importance of the united front work in the new situation and continuously raise our awareness and have more initiative in making united front work successful.

Jiang Chunyun pointed out: Under the leadership of party committees at all levels, the united front work departments in the province have united the forces of all quarters and mobilized all positive factors to accomplish large amounts of fruitful work and achieve notable results in promoting Shandong's two civilizations over the past few years. The provincial party committee is satisfied with this.

Jiang Chunyun emphasized: As China's reform, opening up, and economic construction are in a crucial period, the position of united front becomes more important, and its role greater. It is a great historical task for the entire party and the people of various nationalities throughout the country to establish an initial system of the socialist market economy by the end of this century. Based on the guidelines of the third plenary session of the 14th party Central Committee and the reality of Shandong, the recent sixth provincial party congress defined the three-step strategic objective of Shandong's economic and social development. To attain this grand objective, we should unite all the forces that can be united, mobilize all positive factors, and strive to liberate and develop productive forces; we should address

in a timely manner and correctly handle the various social contradictions to ensure social and political stability; and we should fully develop democracy, extensively give heed to the voice of the masses, strengthen supervision, and make sure that party and government organs at all levels are clean and honest and reduce and avoid major mistakes in policy-making. All these are basic functions and tasks of the patriotic united front in the new period. Jiang Chunyun pointed out: To make a success of the united front work in the new period, we should persistently take Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as the guide, conscientiously study to master the guidelines of the important instructions on united front work given by General Secretary Jiang Zemin and other central leading comrades, resolutely implement the party's principles and policies on the united front work, and, proceeding from Shandong's specific conditions and the overall situation in reform, development, and stability, develop the advantages, give prominence to work priorities, perform work in a creative manner, and strive to open up a new situation in the united front work and win new achievements continuously.

First, we should continue to improve and develop the system of multiparty cooperation and political consultation under the leadership of the CPC, which is China's basic political system and also the major characteristic and advantage of the political system. Continuous improvement and development of this system is a need in strengthening and improving party leadership, a need in developing democratic politics with Chinese characteristics, and also a need in realizing long periods of order and stability of the state. Active participation of democratic parties and personages outside the party from various circles involved in consultation, discussion, and democratic supervision of the various policy-making groups for reform, opening up, and the modernization drive can help make policy-making more democratic and scientific. We should conduct full consultation with democratic parties and personages outside the party from various circles on major issues and ensure consultation before making policy. This should become a system and be conscientiously implemented. Recommending personages outside the party to assume leading posts in governments and judicial organs is the important work for adhering to and improving the system of multiparty cooperation and political consultation under party leadership and the important content of China's endeavor to develop democratic politics. Party committees at all levels should further enhance understanding, have a stronger sense of urgency toward this work, and adopt effective measures to make sure that new and significant progress is achieved in the job arrangements for cadres outside the party in the near future. We should cooperate with the cadres outside the party who have assumed government leading posts and make sure that they are entrusted with duties, powers, and responsibilities so that they can truly play their due role.

Second, united front work should be firmly focused on economic construction, the central task, and its advantages should be developed in order to improve service. The party's central task for the new period lies in economic construction, of which united front work should be geared. With the "three advantages" put forward by Comrade Deng Xiaoping as the criterion, we should emancipate the mind, seek truth from facts, actively conduct exploration, adopt various measures, open up various channels, mobilize all positive factors, concentrate the will and forces of all nationalities, democratic parties, mass organizations, and personages from various circles on the grand cause of building socialism with Chinese characteristics as much as possible, and strive to transform the advantages of united front, such as a galaxy of talent, extensive contacts, and large social influence, into actual productive forces. United front work departments should fully perform their functions, embody their characteristics and advantages, and place their work emphasis on creating a united, stable, and harmonious social environment conducive to reform, opening up, and economic construction and on participating in and discussing the administration of government and state affairs focusing on economic construction, offering ideas, serving as advisers, and providing good service.

Third, we should attach importance to the work for the representative personages outside the party. Party committees and united front work departments at all levels should consider it an important task. In particular, we should attach importance to and strengthen the work for nonparty intellectuals, representative personages of the nonpublic sectors of the economy, overseas targets of united front work, and representative figures from nationalities and religious circles. We should put the work of nonparty intellectuals in an important position. In connection with the work assigned them respectively, party and government leading comrades at all levels should make friends with the personages outside the party, define the scope and the targets, and strengthen contacts with them. Respect is the prerequisite for establishing friendship, treating others with sincerity is the channel for friendship, and mutual understanding is the bridge of friendship. We should respect, trust, and show concern for the friends outside the party.

Fourth, we should attach greater importance to and strengthen nationality and religious work. Party and government departments at all levels should fully understand the importance of achieving success in nationalities work, regard it as a major task, and conscientiously carry it out. The education on Marxism and the party's nationalities policies should be intensified within and outside the party, and communist party members, Communist Youth League members, cadres, and ordinary people of various nationalities should be educated to conscientiously implement the party's nationalities policies. We should adopt measures, such as support of certain projects, support by counterpart departments, and preferential policies to actively and effectively accelerate the economic and cultural development of

minority nationalities to promote the common prosperity of all our nationalities. We should attach importance to training cadres of minority nationalities to continuously improve their political quality, professional proficiency, and their ability to participate in and lead economic construction. Party and government organs should comprehensively and correctly implement the party's policy on freedom of religious belief, strengthen management of religious affairs according to law, actively guide religions to comply with socialist modernization, and lead religious believers to make contributions to social stability and economic development.

In conclusion, Jiang Chunyun pointed out: The new conditions and new tasks have set new and still higher demands on united front work. To raise Shandong's united front work to a new level and open up a new situation, we should further strengthen and improve party leadership over united front work. Party committees at all levels should include united front work high in their agenda, discuss it several times a year, listen to reports, and study ways to resolve some major issues. Their chief leading comrades should take the lead in united front work, attend to it personally, and implement the party's united front work policies in an exemplary manner. Comrades in charge of united front work should conscientiously meet their responsibility and make earnest efforts to carry it out. United front work departments should fully perform their functions, serve as good advisers and assistants to party committees, and accomplish their specific work in an outstanding manner. We should conduct extensive and intensive propaganda and education on the theories and policies on united front work, increase the dynamics of the propaganda, and broaden the channels for it. Newspapers, radio, television, and other mass media should report and publicize the knowledge, work, and activities of united front, as well as the advanced deeds of the representative personages outside the party. Through propaganda and education, we should enhance people's understanding of united front work and strive to create a situation in which the entire party and society show concern for and attach importance to united front work. We should intensify investigation and study to learn about new conditions and resolve new problems. Firmly focusing on economic construction, the central task, we should make great efforts to study ways to guide specific work with Comrade Deng Xiaoping's theory on united front and to make united front work meet the needs for establishing the socialist market economy system. We should conscientiously summarize the guiding experiences to counter the new conditions and new characteristics of united front work and offer valuable suggestions to guide and lead united front work to make new headway. United front work departments should attach importance to improving themselves and do a good job in division of work and cooperation. We should intensify the training and education of the cadres in charge of united front work, arm their minds with Comrade Deng Xiaoping's theory of building socialism with Chinese

characteristics, and strive to upgrade their theoretical, political, and professional quality.

Zhao Zhihao, deputy secretary of the provincial party committee and governor of the province, presided over the conference and spoke on opinions on how to relay and implement the guidelines.

Attending the conference were Li Wenquan, deputy secretary of the provincial party committee; Li Zhen, chairman of the provincial people's congress standing committee; Lu Maozeng, chairman of the provincial committee of the Chinese People's Political Consultative Conference [CPPCC]; Han Yuqun, standing committee member and united front work department director of the provincial party committee; and Tian Jian, vice chairman of the provincial CPPCC committee.

Wu Bangguo, Huang Ju View Shanghai Rural Work

*OW1602131694 Shanghai WEN HUI BAO in Chinese
6 Feb 94 pp 1, 2*

[Unattributed article: "Wu Bangguo and Huang Ju Emphatically Pointed Out at the Shanghai Municipal Meeting on Rural Work: 'It Is Necessary To Raise Agricultural and Rural Work to a New Level To Maintain a Good Trend of Sustained, Fast and Healthy Development of the Economy in Shanghai's Suburban Areas'"]

[Text] The municipal party committee and the municipal government yesterday held a meeting on rural work. The meeting called on cadres and masses in suburban areas and various trades of the municipality to further explore new ways for promoting reform, opening up, and economic development in the suburban areas of the extra large municipality from a higher plane with a more positive attitude, a broader vista, greater courage, and more solid measures in order to raise agricultural production, rural work, and the entire rural economy to a new level.

Wu Bangguo, member of the Political Bureau of the CPC Central Committee and secretary of the Shanghai Municipal CPC Committee, gave an important speech at the meeting. Wu Bangguo first fully affirmed the achievements of the people in Shanghai's suburban areas, their basic experience, and the work of cadres. He said: Rural work in Shanghai's suburban areas registered good progress last year. The broad masses of cadres and people in the suburban areas have seriously studied Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, emancipated their minds, adhered to the ideology of seeking truth from facts, and promoted a sustained, fast, and healthy development of the economy in Shanghai's suburban areas. The rural economy in Shanghai's suburban areas has become an important component part of economic development in the entire municipality and has also become an important part of Shanghai's economic growth. The achievements of rural work are the results of the hard work of

the broad masses of cadres and people in the suburban areas and of support by various trades in Shanghai. On behalf of the Shanghai Municipal CPC Committee, I wish to take this opportunity to extend my cordial regards and express my heartfelt gratitude to the broad masses of cadres and people in the suburban areas who have worked laboriously.

Wu Bangguo pointed out: To maintain social stability, we must promote economic development and attach importance to the "Shopping Basket" Project. In light of new problems that emerged in the "Shopping Basket" Project, we must carry out reform, develop production bases, improve the marketing system, and enforce macro control to ensure the supply of supplementary food products for the municipality. We should enrich the market, promote stability in society, and improve the people's living conditions.

Wu Bangguo emphatically pointed out: In the new year, we should seize the opportunity to deepen reform, further open up, promote development, ensure stability, raise agricultural production and rural work to a new level, and maintain a good trend of economic development in Shanghai's suburban areas. All trades and professions in society should show concern for and support agriculture and take the initiative to serve economic development in rural areas. We should firmly adhere to the policy of "grasping the two links and attaching equal importance to both." In line with the actual situation of rural work, we should strengthen the construction of party organizations at various levels in rural areas, pay attention to fostering an advanced culture and ideology, and build an honest government. We should show concern for the living conditions of the masses and unite with the broad masses of people in rural areas to jointly build a new socialist countryside.

Mayor Huang Ju also gave an important speech at the meeting. After fully affirming the great achievements in various work made by cadres and people in rural areas during 1993, Huang Ju pointed out the general guiding principle for this year's rural work. He said: We should fully implement the guidelines of the Third Plenary Session of the 14th CPC Central Committee, the Central Rural Conference, and the Second Plenary Meeting of the Sixth Shanghai Municipal CPC Committee; seize the opportunity to deepen reform, further open up, promote development, maintain stability; and strive to keep a good trend of sustained, fast, and healthy development of the rural economy. In promoting the development of the rural economy, we should give prominence to "one service and three coordinated actions." In other words, we should serve the "Shopping Basket" Project for Shanghai's urban residents and take coordinated actions with Shanghai's major industries, with Shanghai's large markets, and with Shanghai's foreign trade departments.

Huang Ju emphatically pointed out: This year's rural work has four main tasks: First, we should effectively strengthen agricultural work and firmly grasp the construction of the "two greens," namely promoting the

production of green vegetables and planting trees. Second, we should further deepen reform, open up, and strive to achieve a new breakthrough in our work. Third, we should seriously draw up a blueprint for developing suburban areas and promoting the urbanization of rural areas step by step. Fourth, we should strive to raise peasants' income on the basis of developing the economy and protect peasants' enthusiasm for production.

Huang Ju said: We should stress promoting the production of green vegetables, achieve a breakthrough in developing vegetable gardens, and attach importance to greening projects to improve the ecology and environment in urban and rural areas. Those are major tasks to be firmly grasped in the next few years in Shanghai. We should spend three years to further raise the level of the "Shopping Basket" Project and establish a sound engineering system for it. We should explore new ways for developing the "Shopping Basket" Project to suit the needs of the internationalized metropolis [guo ji hua da du shi 0948 7139 0553 1129 6757 1579] in the 1990's and the next century. We should protect the production bases for vegetables and other supplementary food products according to the 10-15 year plan, form a new management system for production and marketing, and implement various measures for developing the "Shopping Basket" Project in a solid manner.

This year, we should achieve the goal of greening an average of 1.4 square meters per person in the afforestation project and the total area of forest cover should reach 15 percent. We should plant trees on "four sides" [house side, village side, roadside and water side] in rural areas, strengthen the construction of forest belts along sea dikes, and develop flower gardens. In this way, we will be able to form a beautiful environment in all the suburban areas where "there are flowers in spring, shade from trees in summer, fruits in autumn, and green trees in winter."

Huang Ju called for raising the standard of development in the suburban areas this year and accelerating the urbanization of the countryside. He said: In making plans for various districts and areas, we should not limit the development plan within each county, but should coordinate with the overall strategic plan for Shanghai's development. We should make great efforts to improve infrastructure construction with special emphasis on road construction. Various counties should concentrate their financial power on building one or two main highways first; construct water, electric power and gas and other facilities; and strive to complete a relatively sound road network within the next two to three years.

Huang Hu also pointed out: Industry in the suburban areas has great vitality in Shanghai's economic development, and so we should concentrate our efforts and financial power on promoting industrial development in the suburban areas. Each county should start with the construction of a key industrial zone, and take on the new road of cooperation between counties, districts, and bureaus. We should give full play to our combined

strength and strive to set up a number of enterprise groups with special characteristics. Meanwhile, we should seriously sum up experiences and actively promote the establishment of "Sino-foreign" joint ventures with funds from the agricultural and industrial sectors and foreign companies. In this way, we can raise the level, scale, and efficiency of village and town enterprises.

In conclusion, Huang Ju emphatically pointed out: Stability in agricultural production and rural areas is the foundation for stability in the entire society. The development of agricultural production and rural areas is an important part of Shanghai's overall society. Governments at various levels and other units should all consider the work of developing the rural economy and increasing the peasants' income as a starting point and standpoint. We should mobilize the whole municipality, promote cooperation, and raise the economic and social development in rural areas to a new level.

Yesterday's meeting was presided over by Wang Liping, deputy secretary of the Shanghai Municipal CPC Committee, and Vice Mayor Meng Jianzhu, respectively. Vice Mayor Xie Lijuan attended the meeting. Head of Minhang District Huang Furong and head of Qingpu County Li Jinsheng introduced their experiences in developing the rural economy at the meeting. Vice Mayor Meng Jianzhu disseminated the guidelines of the national conference on "Shopping Basket" Project and the production of grain, cotton, and edible oil.

Shanghai Attracts Domestic Investment

OW2302132994 Beijing XINHUA in English 1235 GMT 23 Feb 94

[Text] Shanghai, February 23 (XINHUA)—While continuously absorbing foreign capital, Shanghai is striving to improve investment conditions to attract more domestic funds.

Altogether 4,641 enterprises from all parts of China invested a total of 15 billion yuan in this city, China's largest economic center, last year.

According to economists here, the surge of domestic investments in Shanghai can be characterized by the enthusiasm in the development of the New Pudong Area and the interest in service trade and transforming the old urban districts.

The New Pudong Area is a newly-established economic zone that is expected to lead in the transformation of Shanghai's industrial and financial sectors.

A survey shows that over 1,700 enterprises with a combined investment of 10 billion yuan from outside Shanghai settled in Pudong in 1993.

Regarding it as a new corridor to the market of the Pacific region, Anhui Province, which was hit by natural

disasters over the past two years, still has invested large funds in Pudong. Many of the projects have now begun to make profits.

Among the 350 securities companies in Shanghai, 176 were founded by investors from outside Shanghai. The intensifying interest in real estate has brought 60 new projects to Pudong, with a total construction area of 1.5 million square meters.

Shanghai's nine urban districts have used domestic investment of more than 300 million yuan respectively, to transform old buildings and improve infrastructure facilities.

The business volume of enterprises from outside Shanghai topped 20.6 billion yuan in 1993, and they delivered 300 million yuan to the government in taxation last year.

Shanghai To Build More Supermarkets

OW2502064294 Beijing XINHUA in English 0631 GMT 25 Feb 94

[Text] Shanghai, February 25 (XINHUA)—This China's largest economic center will add 100 supermarkets to its crowded residential quarters to meet the needs of consumers this year.

A municipal government official said that these markets, each with a business area between 500 sq m and 1,000 sq m, will offer at least 2,500 varieties of goods, and their prices will be the same as in other retail outlets.

According to the plan, the metropolis will build supermarkets with a combined business area of at least 2,000 sq m for every 10,000 households.

So far, Shanghai has about 300 supermarkets.

Sichuan Leaders Meet Hong Kong Business Group

HK2402030594 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 21 Feb 94

[Text] In Deyang City last evening [21 February], provincial party Secretary Xie Shijie met Mr. Huang Yutao, chairman of the board of the Hong Kong [name indistinct] Group Company Limited, which is conducting a survey on Sichuan. After briefing the guests on Sichuan's new situation following the introduction of reforms, Xie Shijie said: Sichuan has a large population and market. You are quite farsighted in investing in Sichuan, and we welcome you.

Mr. Huang Yutao thanked the provincial leader for welcoming him. He said that his survey on Chengdu made him take a deep interest in investing in Sichuan.

Among those present at the meeting were: (Liao Bokang), honorary chairman of the provincial overseas affairs association; Zhang Yuren, chairman of the provincial

economic structural reform commission; Li Yongshou, secretary of the Deyang City CPC Committee; and Deyang Mayor Yan Rugao.

Vice Governor Pu Haiqing met Mr. Huang Yutao and his entourage in Chengdu on 21 February.

Zhejiang Issues NPC Law Implementation Procedures

OW2502020194 Hangzhou ZHEJIANG RIBAO in Chinese 2 Feb 94 p 3

["Proclamation No. 13 of the Standing Committee of the Eighth Zhejiang Provincial People's Congress"]

[Text] "Procedures of Zhejiang Province for Implementing the 'Law Governing Deputies of the National People's Congress of the People's Republic of China and Deputies of Local People's Congresses,'" adopted at the Eighth Meeting of the Eighth Zhejiang Provincial People's Congress Standing Committee on 29 January 1994, are hereby promulgated and become effective on the day of promulgation.

[Date] 2 February 1994

Zhejiang To Boost Technology Development

OW2502014894 Beijing XINHUA in English 0129 GMT 25 Feb 94

[Text] Hangzhou, February 25 (XINHUA)—East China's Zhejiang Province is stepping up efforts to boost its economy by developing high and new technology industries and transforming traditional industries with advanced technologies.

According to the provincial committee of science and technology, the provincial government will put emphasis on electronic information, mechanical-electronic products, new materials, biological technologies, and technologies to improve efficiency and save energy.

At the same time, electronic and automation technologies will be utilized to transform traditional industries, including machine building, petrochemicals, building materials, textiles, light industry and food industries.

The province aims to set up and develop ten pillar industries in the years to come, namely, the modernized telecommunications equipment industry, the computer and software industry, electronic products and high-grade household electronic appliances, mechanical-electronic products, computer-controlled meters and instruments, new materials for the electronics industry, new petrochemical materials, refined petrochemicals, the biological industry and technologies to develop or save energy and protect the environment.

With the establishment of these industries, provincial officials said, there will be more than 2,000 high and new technology industrial manufacturers in the province in

the year 2000, which will yield ten percent of the province's industrial output value and export volume.

Central-South Region

Fujian Sets Up Markets To Meet Economic Needs

OW2502012694 Beijing XINHUA in English 0114 GMT 25 Feb 94

[Text] Fuzhou, February 25 (XINHUA)—Southeast China's Fujian Province has set up more markets to meet the needs of its fast economic development.

The province built, renovated and expanded 168 market places with a combined floor space of 450,000 square meters last year.

A local official in charge of commerce said these markets are very large in size.

The province has 366 special wholesale markets including 169 for farm and sideline products and 131 for industrial goods and small commodities.

Last year saw the province open 1,890 fairs with annual transactions totalling 16.8 billion yuan, an increase of 41.7 percent over the previous year.

At present, the province has 83 markets for production materials and equipment.

Guangdong Secretary on Improving Social Order

HK1802070294 Beijing FAZHI RIBAO in Chinese 3 Feb 94 pp 1, 2

[By Xie Fei, CPC Central Committee Political Bureau member and Secretary of Guangdong Provincial CPC Committee: "Exercise Comprehensive Control, Improve Social Order—Excerpted From 2d Issue of CHANGAN (7022 1344) Magazine, 1994"]

[Text] How to successfully exercise comprehensive control over public security and improve social order has now become a major concern for the entire society. Over the past few years, with a view shaping a public security system, Guangdong has gradually gained a consensus from practice and carried out numerous explorations on ways to strengthen comprehensive control over public security.

I. The Complexity of Public Security Problems Requires Us To Exercise Comprehensive Control.

The significance of maintaining a sound social order is known to all because it has a great bearing not only on the safety of thousands of thousands of families, and on the interests of millions of people, but also on bringing about a stable and sound environment for economic development and on the decisions of foreign businessmen to run factories, do business, and go sightseeing in China. Meanwhile, it is also a very serious political

issue which will produce a direct impact on the confidence of the masses in upholding the four cardinal principles and in carrying out reform and opening up. That is why we have never relaxed our efforts in exercising control over public security. However, despite the arduous efforts we have made, the public security situation still remains quite grim. This fact serves to show the complexity, severity, and protractedness of our work to keep tight control over public security, which is actually a tough social system project involving many aspects of social life. Therefore, we cannot succeed in our work if we just simply launch a few campaigns or rely on the strength of one or two departments. To find effective solutions to security problems, what we must do is to acquire a correct understanding of the protractedness and severity of the work, and persistently exercise comprehensive control over public security.

First, the public security situation involves various complicated social factors. With complicated ideological and social roots of various sorts, different violations of the law are a comprehensive reflection and the result of interactions of the negative factors existing in many fields in society, including the political, economic, ideological, and cultural fields. Such violations are born of many adverse objective or subjective influences which exist in the country or come from outside the country. Problems generated from various complicated factors have to be dealt with comprehensively from various angles and using different measures.

Second, we should have a correct understanding of the many rampant, stubborn, and repetitive negative factors which can lead to security problems. Both international and domestic political struggles are protracted in nature, as is the corrosive influence from decadent ideologies and cultures of the declining classes in the ideological field. For a considerably long period of commodity economic development, the influence of negative factors inherent in the commodity economy has also been protracted. To resist and eliminate these influences, we must be prepared for an extended struggle, undergo repeated trials of strength, and never relax our efforts.

Third, during the process of reform, the shift of the new and old economic structures, readjustments of interest relations, and changes in people's ideological concepts have inevitably given rise to many contradictions and frictions, as well as various factors leading to security problems. Since it takes the lead in reform and is also on the forefront of opening up, Guangdong may be the first to face more conspicuous and severe problems in public security. Various criminal activities are running rampant in the province and lawbreakers coming from inland areas as well as triad forces from outside China have committed many crimes, including drug-trafficking and drug-taking, prostitution and patronizing prostitutes, smuggling, robbery, and blackmail. All these problems keep surfacing despite repeated bans, adding greater difficulties to our control over public security. Under such circumstances, we can attain greater results only when we make greater efforts to unswervingly give full

rein to all social forces and fight in coordination when exercising comprehensive control over public security.

II. Give Play to Superiorities and Exercise Comprehensive Control Over Public Security

Exercising comprehensive control over public security is a societywide system project mainly characterized by integrating: Special campaigns and the strength of the masses; central and local supervisions; the efforts of the province itself and its coordination with other provinces and foreign countries; anticorruption struggles inside the party and the elimination of evil-doing in society; and integrating short-term campaigns of "severely cracking down on criminal activities" and "elimination of seven evils" on the one hand and long-term efforts of comprehensive control on the other. As regards the concrete methods used by the system project, party and government leading organs will coordinate all sides concerned and strive to bring about a comprehensive effect by making use of various political, economic, administrative, legal, educational, and cultural means. Judging by the realistic situation in Guangdong, a number of localities have done a good job in exercising comprehensive control and their experience can be summarized as follows: "Developing the economy, intensifying functions, arousing the masses to exercise comprehensive control, paying attention to education, and reinforcing management." —*Developing the economy*. A better economy can enable the masses to live in peace and comfort, ease up various social contradictions, lay a foundation for reducing crime, and provide conditions for increasing security input and upgrading the necessary equipment. Therefore, we have persistently paid attention to developing the economy and regarded and carried out the work as a basic task of the system project of comprehensive control.

—*Intensifying functions*. This means that we need to give full play to the functions and roles of organs of dictatorship, as well as the dual role of the law in protecting the people and cracking down on criminal activities. The procuratorial and judicial contingents are backbone forces in the work of comprehensive control. Therefore, we need to strengthen the building of these contingents in real terms and we must not begrudge the money spent on reinforcing police forces and upgrading their equipment. It is imperative to enhance the political and professional qualities of procuratorial and judicial workers, help them improve their skills in struggling against crime, and nurture procuratorial and judicial personnel who are able to act in strict accordance with the law, handle cases with a high efficiency, and refrain from acting impetuously or using penalties instead of adopting legal actions. With coalitions between provinces and municipalities, and between local governments and such special departments as the railway and customs, we will make continued efforts to carry out the campaign of "severely cracking down on criminal activities," as well as other special-purpose struggles, and strike relentless blows at criminal activities of various sorts.

—*Arousing the masses to carry out comprehensive control over public security.* The masses comprise the biggest deterrent force against criminals and evildoers. To prevent crime, we should not only rely on professional contingents but also arouse and organize the forces of the masses in an extensive way. By so doing, we can spread a dragnet so that the criminals have no way to escape. Judging from Guangdong's practice, we have mainly paid attention to the following several links: 1) A joint defense has been set up by the army, police, and militia. Security patrols, factory and neighborhood joint defense commands, and residential quarters' security squads have been organized in urban areas, with militia patrols and peasants' joint defense commands in rural areas. All these security-keeping units are on patrol duty round the clock in key districts, sections, and units; open and covered sentinels have been posted in hotbeds of criminal cases; and a patrol duty system as well as police information posts have been set up in all neighborhoods, buildings, residential quarters, and key vital communication lines. 2) Giving full play to the roles of security teams in public places, especially hotels, shopping malls, and banks, and establishing a strict internal management system. 3) Setting up and perfecting the militia and joint defense organizations and bringing the roles of these grass-roots organs into full play. 4) Setting up antigambling and antidrug associations across the rural areas, organizing youths and women and helping them enter contracts and supervise each other in the struggle against gambling and drugs. 5) Encouraging the masses to exercise supervision, inform against lawbreakers, and to give assistance in cracking criminal cases. We need to commend and give people handsome rewards for their heroic behavior and their contribution to solving criminal cases, thus creating a general social mood that "everybody has responsibility for maintaining sound social order." 6) Earnestly strengthening management over the floating population and apartments rented by the hour. 7) Carrying out rectification in areas and units where there are relatively more problems to prevent them from becoming criminal dens. Practice has proved that all these measures are workable and effective and have played an important role in maintaining public security and stability in our province.

—*Paying attention to education.* The process of comprehensive control, viewed from a vertical angle, mainly consists of three links: Preventing and cracking down on crimes and transforming criminals. Of the three, prevention and transformation are positive measures. To reach the goal of preventing crimes and checking the reemergence of crime, a fundamental way is to do a good job in ideological, ethical, and cultural education and enhancing the ideological, ethical, and cultural qualities of the people. Therefore, we should regard education as a system task and provide people of different ages with education at different levels. Particularly, we should pay great attention to teenagers and youths, for it is the need of comprehensive control and the need of rearing a generation of people of a new type. We should strengthen ideological and ethical education in schools, education

on vocational ethics in enterprises, and education on social morality and the legal system in the entire society, to bring about a favorable turn in the general mood of society. We should base our education on problems emerging during reform and opening up, guide the masses to resist the adverse influence of the negative factors of the commodity economy, guard against erosion from the incorrect concept of "evaluating everything in terms of money" and become rich through legalized operations and honest labor. Careful ideological education, mediation, and guidance are also required in solving contradictions and disputes among the people, so that these contradictions and disputes do not turn into security problems. Departments in charge of reeducating criminals through labor should work together with society; give full play to the roles of enterprises, neighborhoods, townships, and villages in reeducating and transforming criminals; and do a good job in arranging the resettlement and employment of personnel who have undergone reeducation through labor. In addition, we also need to adopt vivid forms to enable the masses to educate themselves. —*Reinforcing management.* Setting up and perfecting rules and regulations on social security and management is a basic task of comprehensive control. With strict rules and regulations, as well as careful implementation, we can plug all loopholes and eliminate all evil-doing in the light of the system. First of all, we need to set up a target responsibility system and implement the target down to the grass-roots levels by translating the general target of security into various concrete and workable goals, requirements, and measures in accordance with the principle that: "Whoever takes charge should assume the responsibility." Leaders at all levels as well as persons in charge of grass-roots units should take charge of security affairs and regard security work as one of the contents of the target responsibility system during their tenure. Second, efforts should be made to set up and perfect various concrete management systems, including management of floating and temporary population; of guest houses, cabarets, roadside inns, and apartments rented by the hour; of financial and accounting; of outward remittances; and the management of passports, frontier permits, and documents for multiple visits to Hong Kong and Macao. Third, we should set up various corresponding inspection and supervision systems and firmly check violations of rules and regulations. Country rules on maintaining social order should also be extensively drawn up in rural areas.

All the aforementioned measures are interrelated and inseparable and not a single one of them can be dispensed with. Only by successfully mobilizing the entire society, taking concerted efforts, and doing a good job at every link can we bring about effective solutions to public security problems.

III. Strengthening Leadership and Coordinating the Work of All Sides

Comprehensive control over public security is a common task for the entire society. To properly coordinate the forces of all sides, we need a powerful command

center. Therefore, party committees and governments at all levels should place the work of comprehensively controlling public security on their major agenda; devote a great deal of effort, time, and resources to the work; reinforce concrete guidance; ensure the implementation of all measures; and set up corresponding work organs. Departments under the party and mass system, including party and youth league organizations, trade unions, women's federations, and the militia; sectors on the propaganda, cultural, and education front, including the press, publication, films, television, broadcasting, schools, and hospitals; organs on the procuratorial and judicial front, including public security organs, procuratorates, people's courts, judicial organs, and departments in charge of reeducation through labor; and government departments, including industrial and commercial bureaus, taxation departments, banks, audit departments, and the customs should all work together to make the work a success. Party committees and governments at all levels should draw up unified work plans on the comprehensive control of public security and strengthen, in particular, the building of grass-roots organizations. If we succeed in the building of leading bodies at the grass-roots level, we can surely fulfill the task of comprehensive control down to every grass-roots organization.

Whether or not the command center of comprehensive control over public security can work with high efficiency and high authority depends on whether or not it can perform an exemplary role in observing and acting in strict accordance with the law. Therefore, party and government leaders at all levels should integrate comprehensive control of public security with the work of opposing corruption and maintaining a clean administration. So long as the leaders succeed in taking a good lead, the entire system project of comprehensive control can be carried through efficiently and all problems with public security can be solved properly.

Guangdong Secretary Meets Foreign Envoys
OW2402143994 Beijing XINHUA in English 1421
GMT 24 Feb 94

[Text] Guangzhou, February 24 (XINHUA)—Xie Fei, member of the Political Bureau of the Central Committee of the Communist Party of China (CPC) and secretary of the CPC Guangdong Provincial Committee, met with consuls general of Japan, the United States, Thailand, Poland, Australia, Vietnam and Malaysia here today.

During the meeting, Xie extended his thanks for their efforts to promote Guangdong's opening and economic cooperation with foreign countries and hoped that they would play a greater role in furthering Guangdong's ties with their own countries in all fields.

Guangdong Governor Gives Government Work Report

Lin Ruo Presides Over Opening Ceremony
HK2002065294 Guangzhou Guangdong People's Radio
Network in Mandarin 0400 GMT 19 Feb 94

[Text] The second session of the Eighth Guangdong Provincial People's Congress was inaugurated in Guangzhou's Zhongshan Memorial Hall this morning. The session was attended by a total of 758 deputies, thereby constituting a quorum.

The opening ceremony was presided over by Lin Ruo, provincial people's congress standing committee chairman and current session presidium executive chairman. Those sitting at the rostrum today were the current session executive chairmen; the provincial party committee, government, Chinese People's Political Consultative Conference [CPPCC] committee, and discipline inspection commission leaders; and the current session presidium members.

On behalf of the provincial people's government, provincial Governor Zhu Senlin delivered at the second session a government work report which was divided into the following five parts:

1. Review of 1993 work.
2. Ensuring sustained, rapid, and healthy provincial national economic growth.
3. Pushing ahead with reforms in order to build a socialist market economic structure;
4. Stepping up socialist spiritual civilization building and pressing ahead with social undertakings development;
5. Stepping up socialist democracy and legal system Building and consolidating and developing a situation of stability and solidarity.

Zhang Gaoli, provincial vice governor and provincial planning commission chairman, delivered the "Report on 1993 Guangdong Provincial National Economic and Social Development Plan Implementation" and the "Report on 1994 Guangdong Provincial National Economic and Social Development Plan (Draft)." Provincial finance department Director Zeng Bingsheng delivered the "Report on 1993 Guangdong Provincial Financial Estimates Implementation" and the "Report on 1994 Guangdong Provincial Financial Estimates (Draft)."

The second session was also attended by a number of nonvoting delegates, including: provincial deputies to the Eighth National People's Congress, certain veteran comrades, provincial CPPCC committee members attending the on-going second session of the Seventh Guangdong Provincial CPPCC Committee, and persons in charge of the provincial people's government commissions, offices, departments, and bureaus.

Also attending this morning's opening ceremony as guests were 62 representatives of all walks of life in Guangzhou and some officials from locally based foreign consulates general.

Provincial Governor Zhu Senlin called in his government work report for securing sustained, rapid, and healthy provincial national economic growth by firmly grasping the following 10 work aspects:

1. Ensuring steady agricultural and rural economic growth.
2. Maintaining rapid industrial production growth on the basis of improved efficiency.
3. Rapidly developing basic facilities and industries with clear-cut emphases.
4. Further expanding opening up to the outside world and promoting pluralization of external economic and trade activities.
5. Energetically developing tertiary industry, building all types of markets, bringing commodity prices under real control, and raising people's living standard.
6. Maintaining the revenue-expenditure balance and the credit and loan balance.
7. Quickening the pace of economic development and of poverty eradication in mountainous areas.
8. Attaching great importance to science, technology, and education.
9. Pushing ahead with scientific and technological development and improving labor quality.
10. Stepping up rural and urban planning, construction, and management, and making a success of environmental protection.

Speaking of securing steady agricultural development, Zhu Senlin noted: We should try to establish a basic farmland protection system, successfully build all commodity grain production bases, apply protective prices to contracted grain purchases, establish a grain production risk fund, and stabilize grain and sugarcane growing areas with effective measures. He also said: This year, Guangdong will build a total of 33 key projects involving some 73 billion yuan of investments in all, including such mechanical and electric projects as the Guangzhou underground railroad, the west coast expressway, the Guangdong section of the Beijing-Hankou-Guangzhou optical fiber cable, the Feilei Xia key water control project, and the Dahe reservoir.

Speaking of price control, provincial Governor Zhu Senlin remarked: Given the growing state construction scale and the deepening price reform, commodity prices are bound to go up. Thus we should make every possible endeavor to force price hikes to stay at an appropriate level. To this end, governments at all levels across the province should intensify macroeconomic regulation,

control, and management of commodity prices; persist in and perfect the existing price control responsibility system; strengthen market price supervision and examination; further both distribution and wage system reform among enterprises, administrative organs, and undertakings; and enable people to earn more on the basis of expanded production.

Further on Conference

OW1902083494 Beijing XINHUA in English 0813
GMT 19 Feb 94

[Text] Guangzhou, February 19 (XINHUA)—South China's Guangdong province has decided to stress the establishment of a socialist market economic structure this year.

At the Second Session of the Eighth People's Congress of the province, Governor Zhu Senlin said that his province aims to complete the market economic structure within five years.

In his government work report to the meeting, Zhu said that the province will select 250 state enterprises to pilot the establishment of a modern enterprise system.

He said that the corporate system will be implemented in all the newly-established enterprises.

The province will also accelerate financial and taxation reforms, further expand the decision-making power of the commercial enterprises and technological enterprises engaged in foreign trade.

Zhu also stressed social security and housing reforms and administrative restructuring.

Guangdong Province To Upgrade Highways
HK2202040294 Hong Kong SOUTH CHINA
MORNING POST in English 22 Feb 94 p 1

[Report by Daniel Kwan in Guangzhou]

[Text] Guangdong will invest 15 billion yuan (HK\$13.3 billion) this year to upgrade its highways, but Beijing has already indicated it will only make a token contribution, a provincial official said yesterday. Li Peiwu, director of the province's Communications and Traffic Bureau, said Beijing would only promise to provide 300 million to 400 million yuan. He said the provincial Government would offer 3.1 billion yuan, while at least 10 billion yuan would have to be shared by county and municipal governments. The remaining money would come from foreign investors.

Facing another deficit this year, analysts said the Central Government had already demanded provinces such as Guangdong to make a greater contribution to the central coffers. The sharing of tax revenue and the annual financial contribution to the state coffers by the provinces were two major issues in the tug of war between regions and the central authorities under the new tax

reform programme introduced by Executive Vice-Premier Zhu Rongji. Under the tax policy Beijing regained control over much of the revenue that had been monopolised by localities in the past.

Speaking to reporters while attending the continuing Guangdong People's Congress, Mr Li said the province would be able to meet its financial needs despite the lack of financial support from Beijing. He said much of the investment would come from bank credit and he did not expect the financing would lead to more taxes and levies.

There were reports that many local chiefs raised taxes and imposed new fees on villagers to finance road construction. The added financial burden has been a source of confrontation in the country side. According to Mr Li, an other channel for financing came from the floating of new bonds and stocks. For example, the Guangdong Highway Company is considering issuing new stocks to the public to raise part of the investment money.

Meanwhile, Mr Li admitted the traffic problem in Guangdong had been worsened by the influx of millions of migrant worker after the Spring Festival. However, the total volume attributed to the arrival of job-seekers was about eight percent down so far this year. He attributed the drop to an increasing number of migrant workers taking special coaches chartered by their employers.

Guangdong To Attract More Overseas Investors

OW2302142494 Beijing XINHUA in English 1347
GMT 23 Feb 94

[Text] Guangzhou, February 23 (XINHUA)—Guangdong Province will become an even more attractive "hot spot" for overseas investors with the deepening of various new reforms, Vice Provincial Governor Lu Ruihua said here today.

Two new reforms involve foreign investors, namely, the reform of the taxation system and the reform of the foreign exchange management system, Lu told a news conference.

These reforms are beneficial to overseas investors because they are designed to adapt China to the global market, he explained.

According to Lu, Guangdong's unique advantages in wooing overseas investors include a relatively developed market economy, a fast pace of reforms and preferential policies granted by the central authorities.

"More importantly, Guangdong Province is near Hong Kong and Macao and is the ancestral home of millions of our Hong Kong, Macao and Taiwan compatriots, overseas Chinese and foreigners of Chinese origin," he said.

These advantages have enabled Guangdong to score rapid progress in its economic and trade cooperation with the rest of the world, he said.

He cited the following facts to illustrate Guangdong's achievements:

- Guangdong's exports soared by 46 percent to 27 billion U.S. dollars in 1993, roughly 29 percent of China's total exports;
- Its imports shot up by 71 percent to 19.1 billion dollars, 20 percent of China's total imports; and
- It introduced 9.65 billion dollars in overseas funds last year, 40 percent of the country's total.

To date, the province has brought in a total of 29.6 billion dollars in overseas funds, excluding the Daya Bay Nuclear Power Station, Lu Ruihua said.

He invited more overseas companies to invest in Guangdong in such areas as the power industry, ports, railways, roads, airports, automobiles, metallurgy, electronics, chemicals, new materials, biological engineering, farm and sideline products processing, export-led processing, and services.

Guangdong Officials Express 'Concern' About Inflation

HK2102044294 Hong Kong SOUTH CHINA
MORNING POST in English 21 Feb 94 p 10

[By Daniel Kwan in Guangzhou]

[Text] Senior officials in Guangdong yesterday expressed concern that their battle against inflation might fail this year. Speaking at a special session with about 30 delegates to the Guangdong People's Political Consultative Conference at the state Zhudao Guesthouse yesterday, Executive Vice-Governor Lu Ruihua, admitted they faced a tough battle. Representatives attending the annual conference session, however, still pressed the senior leader to keep inflation down.

In his Government Work Report tabled at the Guangdong People's Congress last week, Guangdong Governor Zhu Senlin said the Government hoped to keep inflation within 12 percent this year. Last year's inflation rate stood at 18.6 per cent.

Mr Zhu last year insisted that this year's target could be achieved if strenuous efforts were made. But the Governor's right hand man, Mr Lu, said the government was shorthanded to keep prices down to that level. He told conference delegates the government felt it was sandwiched between enterprises and consumers in its fight against inflation. The Vice-Governor said while some enterprises pressed the government to take a hands-off approach, consumers wanted more aggressive measures.

The Government faced an awkward situation because it was obliged to raise prices of farmers' harvests to protect their interests but also had to keep prices of staple food at a reasonable level. In addition, the Vice Governor admitted the value-added tax introduced by Beijing had led to price hoarding in some areas, further deepening

the inflation crisis. But he reiterated the Government would take every possible means to ensure a stable market and keep the prices of vegetables, grain, and oil down.

But Mr Lu's assurances apparently failed to satisfy some of the representatives, who kept urging the Government to strike a better deal with Beijing on fiscal arrangements. A Guangdong Industrial and Commercial Bank representative said Guangdong should forge one step ahead of other provinces in reforming the banking sector. He feared that Guangdong might lose its competitive edge because Beijing has indicated it will give priority to key infrastructure projects and large state owned enterprises in 1994.

Article Views 'Grim' Inflation in Guangdong
HK2302135294 Hong Kong WEN WEI PO in Chinese
22 Feb 94 p A3

["Special feature" by WEN WEI PO news team in Guangzhou on 21 February: "Price Situation in Guangdong Is Still Grim This Year"]

[Text] Although Guangdong Governor Zhu Senlin has made a commitment to people's congress deputies that every effort will be made to keep price hikes at around 12 percent this year, the grim price situation is still an issue of general concern to the participants. This is because historical experience shows that it will be by no means easy to attain this objective.

Prices Rose by 18 Percent Last Year

A few days ago, the Guangdong Commodity Prices Bureau provided deputies attending the Guangdong Provincial People's Congress meeting with a document on the market price situation. According to the document, Guangdong's general index of retail prices last year rose by 18.2 percent over the previous year. Market prices rose considerably across the province, with hefty increases registered at the beginning and end of the year and prices stabilizing in the middle of the year.

According to analyses, the steep price increases in Guangdong last year were caused by economic growth, the introduction of various reforms, and other normal factors, and by natural disasters, artificial, and other abnormal factors. Through hard work, the momentum of excessive price hikes has been curbed to a certain extent, but the planned control target was still exceeded by 8.2 percentage points.

The principal cause of Guangdong's consistently high prices was rapid economic and investment growth. The originally planned price control target was determined according to planned growth of 12 percent in Guangdong's GNP. In fact, Guangdong's GNP grew by 21 percent last year, which was certainly reflected in the general index of retail prices. Rapid economic growth gave rise to rapid investment and credit growth. On the one hand, this led directly to hefty increases in the price

of capital goods, especially steel products and cement; on the other hand, as some 40 percent of the investment was turned into consumption funds, pressures to raise prices increased, bringing about a hefty increase in the price of relevant products. In terms of the macro environment, this determined that Guangdong's general index of retail prices outstripped the originally planned control target by a big margin last year.

Great Fluctuations in Foreign Exchange Swap Prices

Last year, the state increased the weight of reform, readjusted tax rates, allowed exchange price fluctuations, and carried out price reform. All these have also directly contributed to price hikes in Guangdong. For example, the state raised the retail sales tax rate from 3 to 5 percent. As retail prices for over 90 percent of commodities in Guangdong were subjected to market regulation, the increase in tax rates was also reflected in prices. Moreover, as a lot of operators also jumped on the bandwagon, the actual impact was greater than had been theoretically estimated.

Besides, foreign exchange swap prices fluctuated wildly last year. As Guangdong imported large amounts of energy, raw and semifinished materials, and household electrical products, a drop in the exchange rate directly drove up prices of these commodities by a big margin, and, at the same time, caused some people to expect that the renminbi would be devalued. With the acceleration of price reform across the nation, prices of most commodities, such as grain, steel products, and coal, were liberalized, and prices of railway cargo transport were also adjusted upward substantially. The impact was especially serious in Guangdong, which principally relies on imports of energy materials and raw and semifinished materials from other provinces and which sells most of its products to other provinces.

Guangdong was repeatedly hit by natural calamities last year. What with the low-temperature cold front at the beginning of the year and typhoons and rainstorms in the middle of the year, there was a sharp drop in the output of fruit, vegetables, and grain. This exacerbated the contractions caused by supply falling short of demand. The impact of natural calamities on vegetables, in particular, was most severe, and vegetable prices soared three times. Furthermore, some localities relaxed or neglected the "shopping basket" project by turning vast tracts of vegetable fields into real estate. As newly cultivated vegetable fields are remote and their output is low, vegetable prices tended to rise when natural calamities occurred.

Artificial or Indiscriminate Collection of Fees Adds Fuel to the Flames

Artificial or indiscriminate price increases and collection of fees also contributed to rising prices. For a time last year, the phenomena of jumping on the bandwagon and artificially forcing up prices were rampant in Guangdong, but they were curbed by the provincial government through vigorous rectifications. By late November

last year, however, because some newspapers erroneously reported that grain was in short supply and grain prices were likely to rise, and because some rice traders and self-employed grain shops took advantage of the opportunity to jack up prices, the price of rice soared in the short space of half a month and in Guangzhou rose by about 60 percent.

Maintaining the basic stability of market prices bears heavily on social and economic stability. Last year, Guangdong Province took measures to curb wanton price increases, such as organizing a general inspection of fees collection and commodity prices across the province, seizing the right time to introduce price reform in light of the market price situation to reduce the impact on prices, and doing a good job in the production of staple food to stabilize prices of those commodities that bear heavily on the people's well-being.

Guangdong also stepped up controls over the collection of administrative and operational fees in accordance with the law. According to statistics, in the first 11 months of last year, a total of 2,189 fee collection items were abolished and another 608 rectified in the province as a whole, thus reducing social burdens by about 300 million yuan. Moreover, individual dynamic, direct management at different levels was also administered toward prices of commodities and services that are monopolies, mandatory, and protective and have public welfare characteristics.

Establish Price Regulation and Control System

Looking ahead into the new year, the price situation in Guangdong will still be very grim because many reform projects will be introduced and the economy is still growing at a fairly high speed. The various price hike factors have not been eliminated. For example, in reforming the taxation system and readjusting the tax burden structure, tax reduction does not necessarily lead to price reductions and a rise in taxes will be shifted onto prices. The current overheated social demand will also drive up the price level.

Wen Wuhan, secretary general of the Guangdong Commodity Prices Association, gave an incisive analysis of the strong motives behind the government's attempt to "control commodity prices." In his view, of the price reform aimed at establishing a socialist market economic structure, liberalizing competitive prices constitutes only part of the price reform. What is more important and arduous is to establish a price regulation and control system suited to a market economy. Viewed from this angle, price reform still has a long way to go.

He stressed: First, it is necessary to make clear that the objective of reform is to establish, under state macroeconomic regulation and control, a price structure based on fixed market prices so that the government can regulate and control the market, the market can fix prices, and prices can guide enterprises. Second, it is necessary to have corresponding economic, legal, and administrative means to exercise regulation and control over prices, and

to place these reform tasks on the government's agenda. If we pay attention only to price controls, we are likely to return to the old path of direct regulation and control.

Guangdong Reassures Investors on New Tax

HK2102044094 Hong Kong SOUTH CHINA MORNING POST in English 21 Feb 94 p 1

[By Daniel Kwan in Guangzhou]

[Text] A senior Guangdong official yesterday reassured property developers that their investments in the province would be protected, in spite of a new tax introduced by Beijing. Yuan Zheng, director general of the Lands Department of Guangdong said although the province would follow Beijing's order and implement the Capital Gains Tax, the Government was confident the new levy would not jeopardise investors' interests. "I don't think the impact will be serious. The formulation of the new tax will have to protect the healthy development of the real estate market. So (I believe Beijing) will be very prudent in formulating the (tax)," he said.

The controversial levy, only briefly mentioned in government reports tabled at the ongoing Provincial People's Congress, might trigger fresh friction between the central Government and regions. Regional cadres have indicated that foreign investors should be given a "reasonable return" for putting their money into the property market in face of the higher risk involved. Mr Yuan said the mainland's property development would also suffer if foreign investors were unable to make a profit on their investments.

The official said the Government would continue to give priority to basic infrastructure projects in its land-use programme, although Guangdong still faced an insatiable demand for houses. It was unlikely that projects signed before this year would be affected by the new tax, he said. According to him, a set of detailed regulations on the implementation of the tax which will be promulgated by Beijing soon, will help clarify certain controversies over the new levy. They would take into account factors such as inflation, loan costs, and project risks for developers.

Property transactions contributed 11 billion yuan (HK\$9.76 billion) to government coffers last year and the sum was not included in the Government's Budget. The Government has earmarked 8,240 hectares of land to be sold through auction and tender to real estate developers this year. Mr Yuan also said Guangdong would control the development of golf courses in the province. He admitted there was already an oversupply and said authorities would limit each city to one or two courses.

Guangdong To Increase Controls Over Economy

HK2402035594 Hong Kong SOUTH CHINA MORNING POST in English 24 Feb 94 p 11

[By Daniel Kwan]

[Text] Guangdong will try to maintain its competitive edge by imposing more, not less, control over the economy, according to its Executive Vice-Governor, Lu Ruihua. Contrary to popular belief that Guangdong will further dismantle the "birdcage" imposed by Beijing over the operation of the economy, Mr Lu said the province would stay in tune with the central authorities in the next round of reform.

In financial reform Guangdong will seek to establish an overseas Chinese bank and a provincial bank.

Guangdong shared much of the same policies with other provinces in areas such as restrictions on foreign financial institutions, control over the retail market, and a state monopoly over the telecommunications industry.

Mr Lu defended Beijing's latest reform measures on tax revenue and exchange rates, saying these policies would help set a level playing field for all competitors.

Guangdong, according to the Vice-Governor, was still special because it had a better economic foundation more experience in the operation of a market economy and close proximity to Hong Kong. "Central versus regional", and "liberalisation versus controls", are two major themes dominating the Eighth Guangdong People's Congress. While many congress delegates urged the provincial government to strike a better deal with Beijing over issues such as taxation and banking reform, an equally large contingent demanded a more aggressive government in dealing with inflation.

Although Mr Lu admitted Guangdong was haunted by inflation, he said this was the price the province had to pay in order to develop. "High-speed growth will always lead to a certain degree of inflation. But I believe this is better than keeping prices at a very low level and a stagnated growth rate. The question now is whether the government can adopt effective measures to keep price increases in check."

These measures, according to the Vice-Governor, include strict control over capital investments and retail markets and increased supplies of staple products. He claimed these restrictive policies would not hurt foreign investors and promised no change to the five-year tax breaks promised in China's joint-venture law.

Guangzhou To Establish Property Rights Exchange

OW2402131294 Beijing XINHUA in English 0741
GMT 24 Feb 94

[Text] Guangzhou, February 24 (XINHUA)—Some domestic and foreign businesses in Guangzhou, the capital city of south China's Guangdong Province, will be able to sell or transfer their property rights freely on the market beginning in April or May, according to Guo Xiling, chairman of the city's Planning Commission.

The property rights exchange, which will be built in two months in this south China economic center, will be under the management of the city government.

Latest figures show that there are now 25 property rights exchanges in China, with the first one formed in the early 1980s.

Chen Kaizhi, vice-mayor of the city, said that all state-owned enterprises in the city will be transformed into corporations in the next four or five years.

Except for a number of public utilities like transportation and telecommunications systems, most of the state-owned enterprises will take the form of stock companies, Chen added.

Chen also mentioned that in line with the reform of property rights, the city will establish some state-owned asset management companies to take charge of managing, transferring and auction of the state-owned assets of state-owned enterprises.

Guangzhou now has more than 20,000 enterprises, more than 4,000 of which are involved in industrial production.

Official sources said that this move is partly aimed at revitalizing some loss-making state-owned enterprises which have been in the red a long time because of limitations on transferring property rights.

Special Zones Demand 'Greater Economic Power'

HK2402035494 Hong Kong SOUTH CHINA
MORNING POST in English 24 Feb 94 p 11

[By Daniel Kwan in Guangzhou]

[Text] China's special economic zones [SEZ]—Shenzhen, Zhuhai, Shantou, Xiamen and Hainan—have demanded that Beijing give them greater economic power so they can stay ahead of other parts of the country in reform, Zhuhai Mayor Liang Guangda said yesterday. The plea, he said, was made at a recent national meeting on SEZs in Zhuhai attended by central government officials. "There are some powers that we believe should be delegated to the SEZs.... Power over the vetting of some projects should belong to the zones. Now the vetting process is too complicated," he said.

"These powers have been recentralised during the economic rectification and much (of the sharing of power between central government and the SEZs) has yet to smooth out. In order to allow the SEZs to go one step ahead in reform, these powers and conditions should return to the zones," he added. According to the mayor the SEZs should have the authority to approve most investment projects and investors should be spared the trouble of applying to Beijing for their investment.

Meanwhile, Mr Liang confirmed that Zhuhai has for the time being shelved its plan to build the Lingdingyang Bridge linking Zhuhai with Hong Kong. But he said the

SEZ, which borders Macao, has already started the construction of the Qiao and Lingdingyang sections. He said these sections were necessary to the development of the island resources of Zhuhai.

The project has been delayed partly because of a shortage of funds and queries by Beijing over the technicalities of the project. Mr Liang said Beijing had asked Zhuhai to conduct more feasibility research and at one point suggested Zhuhai consider the option of building a tunnel instead of a bridge.

"But we have restudied the idea and still believe that the bridge is a better option." Tunnels, he said, were more vulnerable to disasters such as earthquakes and they cost more.

According to Mr Liang, at least eight consortiums had expressed interest in the bridge project and negotiations were under way. While he said the Government would guarantee investors a reasonable return, Zhuhai would not lease out the islands to those who invested in building the bridges.

Guangxi Reports Steady Rural Economic Growth

*HK2402020794 Beijing RENMIN RIBAO in Chinese
14 Feb 94 p 2*

[Report by correspondent Zheng Shengfeng (6774 4141 0023): "Grain Output and Income Increases for Guangxi Peasants"]

[Text] The growth rates of Guangxi's total agricultural output value for the last three years have all been higher than the national average, and increases in grain output have continued into the fourth year. Despite a smaller crop acreage for 1993, the total output value that year still exceeded 1992, a bumper harvest year, by 291,000 tonnes. The peasants' per-capita net income for last year rose for the first time to 860 yuan, the national level of peasant income. Closely related to peasant income, township and town enterprises also achieved major breakthroughs and a 115.39 percent increase in total output value last year.

Government officials in charge of agricultural affairs here characterized last year's agricultural economy as "simultaneous growth on three fronts:" Simultaneous growth in total agricultural output value and peasants' per-capita income; in grain and cash crops; and in farming and breeding industries. The rural economy has been developing steadily every year in this ethnic autonomous region, which previously lagged behind in economic development. Zhao Fulin, secretary of the Guangxi Regional CPC Committee, pointed out in analyzing the recent increasing momentum of growth of the region's rural economy: Guangxi has done much in recent years to strengthen rural work, improve and adjust rural economic structures, and develop township and town enterprises and has achieved much in developing sub-tropical forestry and orchard cultivation and concentrating on its strong points. From this, Zhao Fulin

felt that, as long as the road is right and the measures implemented are effective, the provinces and regions which got a late start can also eliminate poverty and become comparatively well-off, and the prospect of tens of thousands of peasants getting rich is not so remote.

Guangxi Steps Up Construction of Key Projects

*OW2102083594 Beijing XINHUA in English 0737
GMT 21 Feb 94*

[Text] Nanning, February 21 (XINHUA)—The construction of key projects in China's south-west Guangxi Zhuang Autonomous Region is progressing well.

The 34 major nationally and regionally designated construction projects had a total planned investment last year of 6.1 billion yuan (about 700 million U.S. dollars), 49 percent higher than the previous year.

The actual investment in the projects last year was 5.347 billion yuan (about 666 million U.S. dollars), 66.7 percent more than in 1992.

With the completion of some of the projects, the region increased its electric power generating capacity to 563,000 kw and port handling capacity to 2.7 million tons in 1993.

Some 400 kilometers of highways and five optical fiber cable lines, with a total length of 2,000 kilometers, were built last year.

More than 20,000 long-distance telephone lines were added to the region's telecommunications network.

The financial and banking departments have given full support to the construction of key projects.

The regional branch of the Construction Bank of China issued 3.3 billion yuan more of loans for the projects.

Guangxi Aims Stock Market Radio Station

*HK2402141194 Beijing ZHONGGUO XINWEN SHE
in Chinese 1133 GMT 17 Feb 94*

[By correspondent Mei Jun (2734 0689)]

[Text] Nanning, 17 Feb (ZHONGGUO XINWEN SHE)—Guangxi's first special radio in the service of share traders—the Nanning Jiaxun Stocks Radio—formally went into operation yesterday.

The Nanning Jiaxun Stocks Radio is a special radio providing share prices and other financial information to interested people and investors. It will broadcast immediate share prices on the Shenzhen and Shanghai stock markets, performance of listed companies, the latest situation in the stock market, and analyses and comments by analysts. It will also answer questions raised by share traders, convey knowledge about the stock market, and set up hot lines, serving share traders in a comprehensive way.

The radio has been established by the Jiaxun Information Data Broadcasting Company, which is jointly run by the Nanning People's Radio and the Nanning Industrial and Commercial Bank.

Hainan's Bonded Zone Attracts Outside Investors
OW2502014994 Beijing XINHUA in English 0122 GMT 25 Feb 94

[Text] Haikou, February 24 (XINHUA)—The Haikou Bonded Zone in Hainan Province is accelerating its construction to facilitate overseas and domestic investors.

Up to now, 103 enterprises have been set up in the zone, with investment funds of 23.1 million U.S. dollars, 58 million Hong Kong dollars and 666 million yuan.

The bonded zone was opened for operation last April, ready to function in international trade with processing for the export and receiving of goods in its bonded warehouses.

Hainan Province formulated a series of regulations on management, registration of enterprises and industrial policies in the bonded zone.

The administration of the zone also invested 123 million yuan in infrastructural construction in the zone.

Construction of the administrative office building and the customs office in the zone is expected to be completed in the first half of this year.

About 42,000 square meters in standard workshops, which were jointly constructed with an American company, will be available in April.

Of the 103 enterprises, 17 are overseas solely-funded companies, seven are joint ventures and 79 are domestic enterprises.

Hainan Aids Construction in Underdeveloped Areas

OW2502020394 Beijing XINHUA in English 0142 GMT 25 Feb 94

[Text] Haikou, February 25 (XINHUA)—Hainan Province has taken measures to speed up construction in its underdeveloped areas.

Last year, Hainan invested more than 7.5 million yuan in infrastructure projects including electricity and water supply projects, highway projects, and other public works programs.

Some 490 projects started construction last year, improving the local people's living standards and cultural conditions.

Statistics show that Hainan Province has helped its these areas set up 178 bases for tropical crops, 660 aquatic production centers and 537 livestock farms.

Qionghai city has run 124 technical training classes for 12,500 farmers so as to enhance their scientific acumen in farming and aquatic production.

Hainan Boosts Industrial Development Zones
OW2502015094 Beijing XINHUA in English 0119 GMT 25 Feb 94

[Text] Haikou, February 25 (XINHUA)—Hainan Province, the largest special economic zone in China, is intensifying efforts to promote its industrial development zones.

Under preferential policies, more than 200 projects have been started in the development zones. The 1993 total output value of the zones reached more than two billion yuan (about 229.9 million U.S. dollars).

Wang Xiaofeng, deputy governor of Hainan, pointed out that in regard to the general industrial structure, the province will put emphasis on heavy industry in the west while stressing light industry in the east.

The province will pour 17 billion yuan into building these development zones.

It is expected that by the year 2000, the zones will have a total of 200,000 employees. At that time, the province's total industrial output will be 43 billion yuan.

Article Urges Hunan Work for Economic Progress
HK1802115494 Changsha HUNAN RIBAO in Chinese 21 Jan 94 p 1

[Commentator's article: "We Must Have Lofty Ambitions and Great Ideals"]

[Text] From time immemorial it has been true that those who intend to accomplish something magnificent must have lofty ambitions. Establishing a socialist market economic system is a great cause without precedent in history, and there is no ready-made experience which we can make use of. We will inevitably encounter some difficulties and problems which we have never experienced in the past. It is particularly imperative for us to aim high and have lofty ambitions. We must be bold in making explorations and blazing new trails. Without lofty ambitions and great ideals, without pioneering spirit, without the spirit of "taking a risk," and without a burst of energy and vigor, we cannot break a good, new path and accomplish something new.

At present, the broad masses of party members, cadres, and the people are further emancipating their minds, seizing the good opportunity, deepening reform, and struggling hard to establish a socialist market economic system and develop a socialist market economy. The situation is encouraging and presses us to march forward courageously. Some comrades, however, are lacking great ideals and ambition. They lack both a vigorous spirit and an energetic drive.

Some comrades like to compare our province, Hunan, with some provinces and regions, such as Guangdong, which are experiencing fairly rapid economic development. They always complain that we are backward in this respect or no good in that regard. In fact, they are mistakenly belittling themselves. There gaps truly do exist between us, Hunan, and those coastal provinces and regions. For example, if we compare ourselves with Jiangsu, we lag behind in township and town enterprises. If we compare ourselves with Zhejiang, we lag behind in individual and private economy. If we compare ourselves with Guangdong, we lag behind in foreign-funded enterprises. If we compare ourselves with the entire coastal area, we lag behind in the emancipation of the mind. However, we must on no account unduly underestimate our own capabilities, despite these gaps. We should realize that Hunan's economic development is not slow. Last year, our township and town enterprises got on the "expressway." Our foreign-funded enterprises, tertiary industry, and individual and private economy have been developing fairly rapidly. Our GNP has been increasing at the highest speed since reform and opening up. We do not object to comparing ourselves with economically advanced coastal provinces and regions. The purpose of this comparison, however, is not only to discover the gaps; it is undertaken in order to make an analysis of the reasons contributing to the gaps and study measures for narrowing and eliminating them. Material dialectics have told us that all things develop and change under certain conditions. As long as we take a correct path and go all out in our efforts, the gaps can be narrowed. The backward can definitely become the advanced. We must aim high, have lofty ambitions, and learn to use the views of material dialectics to exhibit judgment. While looking at the gaps which have objectively existed, we must not lose sight of our achievements in work. While understanding the subjective reasons contributing to the gaps, we must realize the constraints of the objective conditions. While seeing those unfavorable conditions, we must not lose sight of those favorable conditions to enhance our confidence and pluck up our courage. Let byones be byones. The latecomers can surpass the old-timers. It is no use feeling sorry about losing the previous good opportunities. What is important is that we must seize on new opportunities, give play to our strong points, take truly practical measures, rouse ourselves for vigorous efforts to make our province prosperous, and try hard to catch up.

Some comrades have the mentality of "not attempting to earn praise, but only working to avoid mistakes." They simply muddle along and refuse to make progress. This shows that they are devoid of lofty ambitions and great ideals. Communist party members are vanguard fighters of the working class, who have a communist consciousness. They must serve the people wholeheartedly. They must be the first to bear hardship, and the last to enjoy comforts. They must work selflessly for the common good of the people and make more contributions. In particular, our party cadres must diligently perform administrative work for the people, must set a good

example, must struggle hard to do pioneering work, must explore the way forward to blaze new trails, and must truly make achievements. How can they "not attempt to earn praise, but only work to avoid mistakes?" Refusing to do administrative work diligently is also a type of corruption, albeit an invisible type of corruption. If a party member or party cadre fails to work hard to make contributions to the party, state and people, he is not a qualified party member or party cadre. He will harm the cause of the party and the people. It is precisely in this sense that we say: "Failing to earn praise means committing mistakes."

Besides, some comrades have the mentality of "being content with having enough clothes to wear and sufficient food to eat" and "being satisfied with small-scale prosperity." This has also shown that they are devoid of lofty ambitions and great ideals. Since the Third Plenary Session of the 11th CPC Central Committee, we have made great achievements in reform, opening up, and socialist modernization, which have become the focus of world's attention. The living standards of our people have been significantly improved. On no account, however, can we be content with the existing achievements. The Third Plenary Session of the 14th CPC Central Committee has set two goals. With regard to the goal of reform, we must initially establish a socialist market economic system by the end of this century. With regard to the goal of development, by the end of this century we will realize small-scale prosperity. In the middle of the next century, we will reach the level of the middle strata of developed nations. These two goals are great, glorious, and strenuous. We cannot attain them without lofty ambitions, great ideals, and persistent hard work. If we are content with the existing achievements of reform and development, this will really be too paltry. Even though we have succeeded in establishing the socialist market economic system, realizing small-scale prosperity, and reaching the level of the middle strata of the developed countries, we must not be content with them. We must never stop progressing. Fighting forever is our quality as communist party members as well as a duty we must fulfill in the course of building socialism with Chinese characteristics.

To aim high and have lofty ambitions, we must study hard Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's theories on building socialism with Chinese characteristics. We must persist in using the viewpoints of dialectical materialism to observe and analyze problems to enhance our dedication to our cause as well as our sense of responsibility. This is the source of our strength for making explorations courageously and advancing incessantly. It is also the source of strength for building the socialist market economic system and pushing the great cause of socialism with Chinese characteristics to victory.

Hunan Registers Economic, Social Development

HK2202054694 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 19 Feb 94

[Text] Yesterday afternoon [19 February] the provincial government held a news briefing on the province's 1993 economic and social development. In 1993 the province maintained a good and speedy trend of economic development and made new breakthroughs in major economic indices, which manifested themselves in the following aspects:

First, the aggregate economic volume increased to a new level and the national economy developed rapidly. Last year, the province's gross domestic product topped 100 billion yuan, to stand at 114.6 billion yuan, an increase of 12.6 percent over the previous year and the province's highest record since the introduction of reform and opening up. The province reaped a good agricultural harvest in the course of structural adjustment, and maintained rapid industrial growth. The fixed-asset investment increased by a wide margin, and markets grew brisk amid stability.

Second, the province further improved its economic structure. This manifested itself in the structural change in primary, secondary, and tertiary industries. The rural production structure improved further. The investment structure was adjusted.

Third, the economy developed comparatively rapidly. Taking the province as a whole, tertiary industries developed rapidly, town and township enterprises developed even more rapidly, and the individual and private economic sectors made more contributions to the province's economy.

Fourth, there was good convergence between production and marketing, economic results improved, the economic order gradually returned to normal as a result of the implementation of state macroeconomic control and regulatory measures, and the economic environment improved markedly.

Fifth, the income of people in cities and towns increased. Last year their per capita income amounted to 2,443 yuan, while peasants' per capita net income amounted to 851 yuan. Allowing for price rises, the former increased by 10.1 percent over the previous year and the latter by 2 percent.

In 1993 the province registered good development in the national economy and in social undertakings, but there also were problems and drawbacks. For example, the shortage of funds for economic development still remained unresolved, commodity prices rose too rapidly, agricultural investment was inadequate, and social order needed further improvement. For this reason, the provincial government asked departments and governments at all levels to take positive and effective measures to bring about sustained, steady, and healthy development [chi xu wen ding jian kang fa zhan] in the province's national economy and social order.

Hunan's Reform Boosts Industrial Output

OW2502081694 Beijing XINHUA in English 0756
GMT 25 Feb 94

[Text] Changsha, February 25 (XINHUA)—The drive for reform and opening-up over the past decade or so has boosted industry in this capital of central China's Hunan Province, according to reliable sources.

The average increase rate of Changsha's industrial production over the past 15 years of reform has hit 17.1 percent, one of the fastest rates of growth of any provincial capital in the country.

In order to make its industrial development stable and sound, the local government has divided the city's 145 industrial enterprises into four categories: rapid development, stable development, little development and serious predicament.

Apart from macro-control of industry, the local government has applied different policies and measures to the four categories of enterprises.

Priority has been given to the first two categories of well-run enterprises, which are usually big profit-earners, in allocation of funds, and supplies of electricity and transportation, to guarantee the production of popular products and exports.

For enterprises with the potential to eliminate losses and earn profits, on the one hand assistance has been provided to solve their problems in capital, transportation and marketing, and on the other pressure has been brought to bear on them to improve their management and operation mechanism.

The city government has also taken bold measures to foster the auctioning, annexing and leasing of enterprises in the red.

Hunan Holds Meeting on Building Economic Zones

HK2402054294 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 23 Feb 94

[Text] A provincial meeting on building five economic zones and one economic corridor ended in Changsha yesterday [23 February]. The meeting pointed out: The construction of these five economic zones and one economic corridor will play an important role in making Hunan rank among the country's top ten provinces. These five economic zones and one economic corridor will become the province's hi-tech industrial thoroughfare and export-oriented economic belt. Provincial party and government leaders Chen Bangzhu [governor], Chu Bo, Wang Keying, Tang Zhixiang, and Pan Guiyu attended the meeting and expressed high hopes for the five economic zones and one economic corridor.

In 1993, the cities where these five economic zones and one economic corridor are located followed the requirements set by the provincial party committee and government for making breakthroughs and moving forward ahead of others in economic construction. They made marked achievements in reform, opening up, and economic construction. Calculated on 1990 comparable prices, the five cities' GNP's amounted to 46 billion yuan, an increase of 14.2 percent over the previous year and 1.6 percent higher than the province's average. Their proportion to the province's GNP increased.

The meeting asked major departments directly under the provincial authorities to work out special plans to support the construction and development of the five economic zones and one economic corridor. The meeting explicitly demanded the following: The five economic zones and one economic corridor should directly transplant coastal areas' preferential policies on reform and opening up, as well as coastal areas' successful experience in this respect, and should apply them to large regions so they can turn themselves into a rapidly developing hi-tech industrial belt with strong functions and vitality. In accordance with the provincial leaders' requirements, the targets set for the five economic zones and one economic corridor leading up to the year 2000 will be divided into three parts: 1995, 1997, and 2000.

At the meeting, the relevant prefectures and cities made the development program for the five economic zones and one economic corridor more specific.

Hunan Water Control Project Enters New Phase
OW2102064994 Beijing XINHUA in English 0618
GMT 21 Feb 94

[Text] Changsha, February 21 (XINHUA)—A plan for the second phase construction of Hunan's Dongting Lake area anti-flood and flood storage project has passed state appraisal.

The appraisal group consisted of experts from the State Planning Commission, the state anti-flood headquarters and the Ministry of Water Conservancy.

The first phase construction started in 1986; the second is due to start this year and to be completed in 2000.

The Dongting Lake area, known as a natural granary, has been extended to create a center for major farm products in central China's Hunan Province.

The total farm production value of the area is over 50 billion yuan (about 6 billion U.S. dollars) annually, one third of the Hunan Province total.

Dongting, one of the country's largest freshwater lakes, is a main channel and storage lake for floods from the Chang Jiang River and other rivers in Hunan.

The project is aimed to strengthen anti-flood capacity of the area and promote local economic development.

After eight years of the first phase construction of the project, the anti-flood capacity has been improved.

But because of long-time high water levels in the flood season, floods have left heavy layers of mud in the lake which have narrowed the flood channel and water areas of the lake.

The second phase construction will consist of seven projects, including consolidating and building the lake embankment higher, clearing the flood channels, flood storage facilities, and township anti-flood facilities and flood warning telecommunications system, as well as work on prevention of snail fever.

The second phase will cost nearly 6 billion yuan (about 700 million U.S. dollars).

Security Organ Arrests Taiwan KMT 'Spy'

OW2302040694 Beijing XINHUA Domestic Service in Chinese 0303 GMT 23 Feb 94

[By reporter Fang Zhengjun (2455 2398 6511) and correspondent Sun Baoguo (1327 0202 0948)]

[Text] Wuhan, 23 Feb (XINHUA)—The state security organ in Hubei Province recently uncovered a case involving a spy sent by Taiwan's Kuomintang (KMT); and arrested the spy, Liu Hui (0491 1741), in accordance with the law in close coordination with the state security organ in Yunnan Province.

It was learned that 26-year old Liu Hui was formally a sales manager of a company in Hubei's Huangshi city. In March 1992, he illegally left the country and was recruited by a foreign branch of the military intelligence bureau of Taiwan's KMT. He received espionage training and operational funds. In August the same year, he was sent by the military intelligence bureau of Taiwan's KMT back to the mainland and laid low under the cover of conducting business. After returning to Hubei, Liu Hui went to Wuhan, Huangshi, and other places to incite defection and develop a spy network. He attempted to infiltrate our key departments. Meanwhile, he also sent intelligence related to our country's secrets to Taiwan's espionage organization.

Liu Hui candidly confessed his espionage activities after being arrested in accordance with the law. The case is being investigated and handled.

Taiwan Deemed 'Too Lenient' Toward Hijackers

HK2202035294 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1210 GMT 21 Feb 94

[Report: "Why Did Lin Wenqiang Hijack the Plane to Taiwan on 18 February?"]

[Text] Beijing, 21 Feb (ZHONGGUO TONGXUN SHE)—Today, this reporter interviewed a responsible official in the PRC Ministry of Public Security [MPS] about this year's first hijacking of a plane to Taiwan from the Chinese mainland on 18 February, and was told that the hijacked Boeing 737/2599 passenger plane, of China Southwest Airlines, was on Flight 4567 from Guiyang to Changsha to Fuzhou. That day, the plane took off from Changsha at 0928 and flew over Fuzhou at about 1020. At that moment, hijacker Lin Wenqiang, carrying a fruit knife and an "explosive," forced the crew to open the door to the pilot's compartment, demanding that the plane fly to Taiwan. He threatened to stab the pilot to death with the knife and to blow up the plane if the pilot did not obey him. In order to guarantee the safety of the passengers and the plane, the crew accepted the hijacker's demand. Now, Lin has been detained by the Taiwan police. Lin's wife, stepmother, and two children have returned to the mainland on the same plane.

What kind of person is Lin Wenqiang? Why did he hijack a plane to Taiwan? The official answered this reporter's questions. According to the investigation by the mainland public security organs, hijacker Lin Wenqiang, male, was born on 2 June 1958. He originally was a peasant in Huangshi Village, Baizhong Township, Mingqing County, Fujian Province. In 1982, he managed the Wufengqiao ceramic tile factory, but the factory did not achieve good business results owing to poor management. He transferred the factory's management contract to other people in 1992. At that time, he owed banks 7,470 yuan and owed the workers more than 70,000 yuan in wages. In July 1992, Lin went to Changsha, in Hunan, and undertook the management of the ceramic workshop at the Changsha fuse factory. As the quality and quantity of the workshop failed to meet standards, Lin's management contract was suspended by the factory in July 1993. Then, together with some people, Lin undertook the management of the household electrical appliance sales department of a labor service company. As Lin took away more than 2,200 yuan of sales income, the other partners stopped cooperating with him. These consecutive business failures made Lin unable to repay his increasing debts. He borrowed an armed police officer's uniform from an officer's wife on the pretext of taking photos for fun. He then used forged certificates and passed himself off as an armed police officer in order to board the plane he planned to hijack.

The official stressed: The frequent occurrence of hijacking incidents between the two sides of the Taiwan Straits is not accidental. This is related directly to the Taiwan authorities' policy for handling such criminal cases. Although the Taiwan authorities take certain legal actions against hijackers, the punishments are too lenient for such a serious crime, and the hijackers are not sent back to the mainland. Although the Taiwan authorities take certain legal actions against hijackers, the punishments are too lenient for such a serious crime, and the hijackers are not sent back to the mainland. This has abetted some lawless people in making the desperate move. Facts demonstrate that if the hijackers are not sent back, there will be no peace in the air above the straits. It is hoped that the Taiwan authorities will consider the safety of civil aviation and of passengers' property, and will assume a realistic attitude to promoting the conclusion of an agreement on returning hijackers between the two sides of the straits, thus thoroughly eliminating the crime of hijacking.

Shanxi Economic, Social Ties With Taiwan Increase

OW2202044594 Beijing XINHUA in English 0241 GMT 22 Feb 94

[Text] Taiyuan, February 22 (XINHUA)—The economic and cultural ties between north China's Shanxi Province and Taiwan are getting closer and closer, province officials here said.

Among the 28 countries and regions that have invested in this inland province, the officials said, Taiwan now ranks second after Hong Kong in the number of cooperation projects and the volume of investment.

Taiwan businesses signed 132 cooperation projects with the province in 1993, promising to invest as much as 356 million U.S. dollars, the officials said.

That made the province's Taiwan-funded projects jump to 248, and the volume of contracted Taiwan investment to 391 million U.S. dollars, the officials noted.

Since the province's first Taiwan-funded project started in 1989, Taiwan businesses have been set up in ten of its major cities.

The officials believe that Shanxi's rich resources of coal and iron, its cheap labor and large market are just what Taiwan investors are looking for.

They said Shanxi's investment environment is improving rapidly. The airport in this provincial capital is under expansion, regular flights have started between Taiyuan and Hong Kong, and the telecommunication networks of many cities have been updated.

What is more, the officials said, the interests of Taiwan investors are guaranteed by preferential investment policies and all-round investment services.

So far, 70 percent of the Taiwan-funded businesses are in the field of manufacturing, including coal processing, textiles, metallurgy, machinery, electronics and food-stuffs.

While Taiwan investors tended to choose small and medium-sized enterprises as their partners in the beginning, the officials said, more and more of them are now turning to large state enterprises.

Besides the manufacturing sector, Taiwan investors established new businesses in Shanxi in 1993—in a hot springs resort, a luxury hotel and real estate.

Last year trade between Taiwan and Shanxi was valued at 29.861 million U.S. dollars. The inland province exported coal, pig iron, cast iron, toys and agricultural products and imported raw chemicals, steel and machinery.

However, the officials said they believed that the biggest breakthrough in the relations between the two sides in 1993 was in personnel exchanges. For the first time in several decades, altogether 155 persons from Shanxi visited the island province.

Among the 155 was an official delegation headed by provincial Director of the Coal Industry Wu Sansong and a folk dance troupe.

On the other hand, visitors from Taiwan continue to come in ever-increasing numbers. Among the nearly 2,000 Taiwan visitors in 1993 was a delegation from the Association for the Promotion of Mining and a 48-member group from the Chinese Drama Society.

Cooperation between the two sides has also been expanded to publishing, the cinema, sports and many other fields, the officials added.

Delegates Begin Negotiations on Tariff Reductions

Three Days of Talks Planned

OW2402180994 Taipei CNA in English 1300 GMT
24 Feb 94

[Text] Taipei, Feb. 24 (CNA)—Delegates from Taiwan and the United States began three days of negotiations here Thursday [24 February] on tariff reductions.

Taiwan is required to hold tariff reduction talks with member countries of the General Agreement on Tariffs and Trade as a condition to gaining membership in the world trade body.

Taiwan hopes agreements reached at this round of negotiations will set the tone for its subsequent negotiations with other GATT members.

Vice Economics Minister Sheu Ke-sheng [Hsu K'e-sheng] and Assistant US Trade Representative for GATT Affairs Dorothy Dwozkin are the chief negotiators for the two sides. Sheu [Hsu] heads up a 170-person delegation.

According to sources at the talks, the United States is likely to request that Taiwan agree to the bilateral elimination of tariffs on 2,172 products.

Last year the United States asked Taiwan to lower tariff rates on industrial and agricultural goods to 10 and 20 percent, respectively.

The US side is also likely to claim "initial negotiation rights" regarding tariffs on an additional 2,786 of its export items to Taiwan, the sources said.

Other topics to be discussed include nontariff obstacles and Taiwan's monopoly system.

U.S. Side 'Not Satisfied'

OW2502042394 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT
24 Feb 94

[Report by Huang Mei-ping; from the "Hookup" program]

[Text] Bilateral talks between the ROC [Republic of China] and the United States on the former's admission to GATT have begun. According to the U.S. assistant trade representative who serves as the chief U.S. negotiator, the task force on our country's admission to GATT will soon enter the stage of substantive discussions. The United States is willing to coordinate its actions and assist our country in joining GATT, and in becoming a member of other world trade bodies. It is hoped that during the current talks, the two sides will make substantial progress in reducing tariffs and in opening up the agricultural and service markets. Speaking after the talks, Vice Economic Minister Hsu K'e-sheng, who is our chief negotiator, said: Of the more than 2,700 products in which the United States expressed an interest, our side

promised to adjust the tariff rates for 253 farm products and 2,093 industrial goods, but the U.S. side was not satisfied. It also did not accept our country's request that talks on initial negotiation rights be held only after the conclusion of talks on tariffs and the finalization of the tariff reduction scheme. The two sides decided to hold more discussions on tariff reductions on 26 February. The U.S. side, however, accepted our request that tariff reductions in preparation for our admission to GATT be introduced in a single move so that the cow would not be skinned twice. He said:

[Begin recording Hsu K'e-sheng] Other than the 2,700 tariff items that are of interest to them, we did not respond to their demands that we set the overall level of our tariff rates and specify the goods to which the U.S. side can claim initial negotiation rights. The U.S. side thought this would make piecemeal discussions with us impossible. [end recording]

During the talks, our side also said: After joining GATT, our country agrees to import food grains and to allow the gradual import of some farm products based on tariffication and tariff quotas in accordance with the results of the Uruguay Round of trade talks. The U.S. side, however, emphasized that tariffication measures are inappropriate for our country, which is not currently a GATT member. As for the opening of the rice market, our side expressed the hope that it be allowed to adopt the South Korean model, but the U.S. side did not offer an immediate response. According to the agenda for the second day of talks, the two sides will continue discussions on opening up the service market and on our country's participation in signing the Tokyo Round agreements.

'No Promises' on Opening Industry

OW2502105994 Taipei CNA in English 0717 GMT
25 Feb 94

[By Bear Li]

[Text] Taipei, Feb. 25 (CNA)—Taiwan will not make any promises regarding US concerns over the opening of Taiwan's service industry, Taipei's top negotiator said Friday [25 February].

Vice Economics Minister Sheu Ke-sheng [Hsu K'e-sheng] made the statement on the second day of US-Taiwan trade negotiations called to discuss Taiwan's bid for full membership in the General Agreement on Tariffs and Trade (GATT).

On the first day of talks Thursday, the US expressed its dissatisfaction with Taiwan's proposed tariff reductions, saying they were far short of US expectations.

The US said Taiwan did not make a "complete" response to its Nov. 24, 1993 request that Taiwan lower tariffs on more than 8,000 farm and industrial products.

Taipei Thursday submitted a list of 253 farm and 2,097 industrial products pegged for tariff cuts.

During the talks, the US also asked how Taiwan would handle its existing restrictions on the import of agricultural products after its admission to GATT.

Taiwan delegates said Taiwan hoped to follow the example set by South Korea and gradually open its market to foreign agricultural products.

On the US concerns over Taiwan's export subsidies, inspection systems and quarantine, the Taipei delegates said Taiwan has never subsidized its farm exports and its inspection and quarantine practices are all in line with GATT standards.

Meanwhile, a Finance Ministry official noted that the US had not set any specific agenda for Friday's negotiations on financial and service industry issues.

He said this was because Taiwan had opened its financial market wider than any other Southeast Asian country.

Official Says Tax on Alcohol, Tobacco To Be Lifted

*OW2502082094 Taipei CNA in English 0727 GMT
25 Feb 94*

[By Lilian Wu]

[Text] Taipei, Feb. 25 (CNA)—A forty year old monopoly tax on imported alcohol and tobacco will be lifted by June 1995, a financial official said Thursday [24 February].

Lin Chien-hsiung, director of the Department of National Treasury, made the announcement on the opening day of US-Taiwan tariff reduction negotiations.

US negotiators had earlier requested Taiwan revoke its monopoly alcohol and tobacco tax in accord with General Agreement on Tariffs and Trade (GATT) regulations.

Taiwan currently imposes monopoly taxes on the imported products averaging NT\$16.6 (US\$0.61) per pack of cigarettes and NT\$660 (us\$24.4) per liter of alcohol.

After the monopoly tax is lifted, imported alcohol and tobacco will be subject to normal taxes, Lin said.

European Union Supports Bid To Join GATT

*OW2502111194 Taipei CNA in English 0724 GMT
25 Feb 94*

[By P.C. Tang and Debbie Kuo]

[Text] Brussels, Feb. 24 (CNA)—The European Union (EU) supports Taiwan's bid to join the General Agreement on Tariffs and Trade (GATT) and hopes to see a GATT membership for Taiwan before the end of this year, an EU official said Thursday [24 February].

Hugo Paemen, a ranking EU official in charge of external economic relations, said the EU may also consider establishing a representative office in Taiwan after Taiwan becomes a GATT member.

Paemen made the remarks after leading a 21-member EU delegation to two days of trade consultations with an 18-member Republic of China (ROC) delegation at EU headquarters. It was the first such meeting between European Union and ROC officials.

Paemen said the consultations were generally satisfactory and progress was made on several issues including market opening.

The EU official commented that even though the EU has maintained a low profile when working with Taiwan, it is willing to establish a formal communication channel. "And that's why this consultation was arranged here in the EU headquarters," he said.

The ROC delegation, headed by Board of Foreign Trade Director-General Huang Yen-chao, said it was agreed that Taiwan will sign an agreement on hazardous waste transportation with the EU before May 6.

During the meeting, the ROC negotiators also explained Taiwan's strenuous efforts in wildlife conservation. They asked the EU to help provide details of accusations by world conservation groups that Taiwan allows trade in endangered species products to help Taiwan authorities in future crackdowns.

As to scientific and technological cooperation, the EU officials said the union has at present no plan to set up an EU sci-tech center in Taiwan. However, it welcomes bilateral sci-tech personnel exchanges and EU [as received] and looks forward to detailed discussions on this concern.

The two sides also talked about Taiwan opening up its insurance, stock and securities markets and improvement in Taiwan's tariff system on imported tobacco and alcohol.

The next ROC-EU trade consultation will be held in Taipei, they decided.

Financial Exchange Accord With U.S. 'Likely'

*OW2402180794 Taipei CNA in English 1307 GMT
24 Feb 94*

[By Bear Li]

[Text] Taipei, Feb. 24 (CNA)—Taiwan is likely to sign a special financial exchange agreement with the United States on Saturday [26 February] independent of any agreements the two reach here concerning Taiwan tariff reductions.

Central Bank of China officials said that it's necessary for Taiwan to ink such agreements with contracting

parties of the General Agreement on Tariffs and Trade, or GATT, to pave the way for Taiwan's admission into the world body.

They said that the proposed ROC [Republic of China]-U.S. agreement will follow rules set by the International Monetary Fund, which requires members to avoid payment restrictions on current account trade and discriminative currency practices, to provide exchange information, to allow the exchange of national currency held in foreign countries, and to hold consultations with other contracting parties on existing international pacts.

Peng Fai-nan, general manager of the Central Bank's foreign exchange department, will sign the agreement with the United States on behalf of Taiwan.

Central bank officials said that Peng and U.S. negotiators will not discuss the U.S. request that Taiwan further ease restrictions on the flow of foreign capital, although they said future negotiations on the issue are possible.

MAC Head Warns Against Investing in PRC

OW2402201594 Taipei CNA in English 1324 GMT
24 Feb 94

[By Flor Wang]

[Text] Taipei, Feb. 24 (CNA)—An investment guarantee law proposed recently by Beijing's State Council is only a ploy as part of Mainland China's effort to achieve its goal of "one China, two systems," Mainland Affairs Council Chairman [MAC] Huang Kun-hui said Thursday [24 February].

Huang, at a Legislative Yuan briefing session, reported that although the protection law, made public at the end of last year by Mainland China's State Council, seems to have upgraded the status of Taiwan businessmen on the mainland, it does not include concrete measures to protect Taiwan investors' business interests and personal rights.

The newly issued investment protection law still considers Taiwan investors "special local investors" subject to Mainland China's relevant laws and regulations, Huang said.

Huang appealed to local industries to act with utmost caution in the face of any possible policy changes that might cause great losses to them, given that Mainland China is undergoing an economic transformation from a planned economy to a market-oriented one.

Mainland China so far lacks a comprehensive law regulating Taiwan industries' investment and normal business practices there, let alone protecting their property rights and lives, Huang said. In other countries, he added, foreign investors are usually given special protection.

Taiwan investors can be fully protected in Mainland China only when a formal and wide-ranging investment

guarantee agreement is worked out by Taipei's Straits Exchange Foundation [SEF] and Beijing's Association of Relations Across the Taiwan Strait [ARATS], he said.

The SEF and ARATS are the semi-official agents representing Taiwan and Mainland China in cross-strait affairs in the absence of formal contacts between Taipei and Beijing.

Li Pledges 'To Heal National Wounds' of 1947 Deaths

OW2402195794 Taipei CNA in English 1318 GMT
24 Feb 94

[By Benjamin Yeh]

[Text] Taipei, Feb. 24 (CNA)—President Li Teng-hui on Thursday [24 February] pledged to do everything in his power to heal the national wounds caused by the Feb. 28, 1947 killing of Taiwan civilians by government troops.

"I fully understand that to heal the wounds is a very difficult task, but I will do my best," Li said while meeting a group of families whose relatives were killed during the incident.

It is still unknown how many people were killed in the incident, which Li said was triggered by a misunderstanding between native Taiwanese and Chinese who had fled communist rule.

According to an estimate by an ad hoc committee formed by the Executive Yuan to deal with fallout from the incident, between 18,000 to 28,000 people—mostly Taiwanese—were killed.

Li said the incident was indeed a "tragedy" that he regretted. But he stressed that the government has been active in recent years in trying to soothe the spirits of the deceased and compensate their families, pointing to the building of a monument commemorating the victims and the appointment of a special task force to handle related affairs.

Li promised to lead a memorial service when the monument is completed next year.

Prof. Lin Tsung-yi, who represents families of the victims on the Executive Yuan's special committee, gave a positive appraisal of what the government has done to assuage the families, and thanked Li for the concern he has shown.

Li also guaranteed that he would push for passage of a bill regarding compensation to the victims' families. The bill had passed a first reading at the legislature, but was shelved when the families demanded more money.

Many of those in attendance at the meeting [words indistinct] sobbed when recalling events of the historic day.

Exports to Europe Decline 'Noticeably' in 1993

*OW2302132794 Taipei CNA in English 1249 GMT
23 Feb 94*

[By Jorge Liu and Flor Wang]

[Text] Madrid, Feb. 22 (CNA)—Taiwan exports to European Union [EU] countries, except Ireland, declined noticeably in 1993, statistics released by the EU show.

Germany was Taiwan's biggest export market in Europe last year, taking in U.S.\$3.5 billion of Taiwan goods, a 2.6 percent decline from 1992.

England took second place by absorbing U.S.\$2.16 billion worth of Taiwan products and services last year, a drop of 1.8 percent from the previous year.

Ranking third was the Netherlands, which posted a slight 0.03 decrease in importing U.S.\$2.11 billion of Taiwan products and services.

Taiwan exports to France and Italy also declined by 13.9 percent and 20.4 percent to U.S.\$1.07 billion and U.S.\$767 million, respectively, according to the statistics.

Exports to Spain, Greece, Portugal, and Luxembourg last year all slid more than 30 percent from 1992 to U.S.\$553 million, U.S.\$125 million, U.S.\$99 million and U.S.\$5.3 million, respectively, while exports to Belgium and Denmark fell 3.1 percent and 15 percent to U.S.\$55 million and U.S.\$155 million.

Exports to Ireland, meanwhile, climbed by 26.2 percent.

Hong Kong

Legislators Question Governor on Elections

HK2402151294 Hong Kong Asia Television Limited in English 0630 GMT 24 Feb 94

[Question and answer session with Governor Christopher Patten and members of the Legislative Council at the Legislative Council Chamber in Hong Kong—live]

[Excerpts] [Andrew Wong, in Cantonese with simultaneous translation into English] Mr. President, although yesterday I voted against the motion moved by Mrs. Elsie Tu to delay our consideration of the first part of the electoral arrangements bill, it does not mean that I do not agree with the rationale behind her move. I firmly believe that both China and Britain should be sincere and open to reach an agreement through talks. For this reasons, I hope that you, Mr. Governor, can respond to several questions first, which perhaps have been answered in your statement; that is: Are the Britain and Hong Kong side still willing to talk with the Chinese side? [passage omitted] If the Legislative Council and the future legislature can have most seats returned through elections and abide by the principle of being fair and open, then can you not consider adopting a proportional representation [PR] voting system? Thank you.

[Governor Patten] The honorable member raised a number of issues. Some of them are a little complicated. But let me try to respond as clearly as possible. First, on willingness to talk. In, I hope, as factual and unprovocative a way as possible, let me remind the council that we proposed talks in October 1992, that we went on saying that we wanted to talk for the next six or seven months while we were not, frankly, getting a very warm response from Chinese officials. We were pleased when talks eventually got underway in April 1993, only sorry that they had taken so long to get underway. We would have liked to go on talking even after time had pressed us to put in the second of the three bills which the Legislative Council is going to have to consider. But, alas, Chinese officials insisted that we withdraw the second bill, the partial legislation that was passed yesterday, before they were prepared to come to the table. Our door is never closed, and we want to talk on a whole range of issues and talk constructively and creatively. We would like to see more constructive and creative talks in the Joint Liaison Group. We would like to see an early meeting of the Airport Committee to resolve an issue, which I think the whole community thinks has dragged on too long. So, as far as we are concerned, cooperation remains something on which we are particularly keen. But, I do have to point out that we had 17 rounds of talks, and I think when honorable members, including the distinguished honorable member who has just spoken, see the account of those 17 rounds of talks in the White Paper, they will be surprised how much time was spent discussing so little agreement. [passage omitted]

This council has voted pretty decisively now on at least a couple of occasions on the question of the voting method for geographical constituencies, and I think the arguments for proportionality, if I may say so, are somewhat lessened when you would seek to achieve proportionality, or you seek to achieve balance by having three different sorts of electoral process. If every member of this Legislative Council was to be elected directly—as some honorable members would like, as I am sure some honorable members will press for during the debates that lie ahead—if every member was directly elected, then I think the argument for a proportional voting system would be that much stronger. But since we had tried to achieved balance through the functional constituencies, through the election committee, I think the arguments for PR are much less considerable. And so, I notice, does the Legislative Council. If the honorable member was able with his powers of eloquence to persuade his colleagues differently, then it would require, of course, overturning several votes which the Legislative Council has already taken. I hope I have responded in some detail to the honorable member's question.

[Ha Wing-ho, in Cantonese with simultaneous translation into English] Mr. Governor, after the release of the White Paper, if we read the White Paper and feel that the British side should score a higher mark, it does not help us to solve the question; that is, in 1995, there may be a new Legislative Council, but by 1997, all the Legislative Councillors returned in 1995 may have to climb down the tree. Mr. Governor, can you solve this problem for us?

[Patten] I cannot solve unilaterally the question of how we secure a through train. I think that the council will see from the White Paper that unfortunately we were not able to secure Chinese agreement to a through train during 17 rounds of talks, though we tried, I think imaginatively and sensibly to do so, with the proposals we put about oaths and about other matters. But let me just deal briefly with the question of what happens in 1997. I choose my words carefully, they do not in any way reflect on Chinese sovereignty, they do not in any way change the historic fact of 30 June and 1 July 1997, but I do not believe there is any reason—I stress that word—I do not believe there is any reason why China should seek to overturn arrangements in 1997 which are entirely in compliance with the Joint Declaration and the Basic Law. The assertion that they are not has been made on a number of occasions, but the assertion has been made more frequently than any evidence has ever been adduced. It goes on being said, but nobody ever demonstrates how it happens to be the case. And I say one other thing as well, using, since I noticed that metaphors were from the beginning of the debate yesterday in much evidence in the chamber, using a metaphor to make the point: If my next-door neighbor says that in three and a half years he is going to come round to my house and break all the windows, that does not seem to me to be a very persuasive argument for me breaking all the windows this afternoon.

[Mrs. Elsie Tu] Thank you, Mr. President. Mr President, may I ask the governor, through you, something that has been puzzling me for a long time. The proposed political package is always referred to as being democratic. Can the governor explain to me how it is democratic to give two votes to every person who works in a workplace, but only one person, one vote to those who work in other places, such as housewives, or elderly persons retired, and adult students? I find it very difficult to understand how it is democratic. It means that the ones who are not working in a workplace are only half a person.

[Patten] Well, I am sure the honorable lady, whose vigorous eloquence I salute as the Legislative Council has, I am sure that the honorable lady would not want me to take that argument to its conclusion, because the conclusion of the argument is that the proposals that are being put forward in the bill that will be published tomorrow are a great deal more democratic than the present system. Under the present system—and perhaps the honorable lady wishes to argue the case against functional constituencies, perhaps that is her argument—under the present system, only a few people have two votes because of functional constituencies and geographical constituencies. Of course, some have a lot more than two votes. Some, because of corporate voting in constituencies have—oh—votes into double figure, and that is a situation that we are anxious to eliminate with the introduction of individual rather than corporate voting. It is perfectly true that because not everyone is at work the extension of votes as we have proposed in the nine new functional constituencies does not mean that everyone in the community has two votes, but that is because of the nature of functional constituencies, and I would not want to challenge the Basic Law in having the number of functional constituencies of 30, which are proposed for 1995 through to 1999. [passage omitted]

[Elsie Tu] I think the present system is quite right, the present system does give two votes to some people, and I disagree with that. I think people should have a choice, but to make it work does not seem any more democratic. Is it not less democratic to give more people two votes?

[Patten] I think it is an argument which few would accept that extending the ability to vote is less democratic than limiting the ability to vote. I really cannot follow the argument that by ensuring more people are able to vote in functional constituencies, one is going down a less democratic path. That seems to me to be a considerable contradiction in terms, but if the honorable lady is arguing the case in principle against functional constituencies, which she may well be, all I can say is that we are committed to trying to introduce arrangements which are in compliance with the Basic Law, and the Basic Law proposes 30 functional constituencies. The question is whether those functional constituencies, for example, in line with the 1988 White Paper, represent economic and professional sectors of substantial importance, and the question, secondly, is whether, following I think it is Basic Law 68, pursuing matters in an orderly way, whether we try to deal with some of the real problems

which have arisen in functional constituencies in the last few years. Honorable members are well aware of some of the problems that have arisen in those functional constituencies. They may disagree with the proposals that we have brought forward in trying to deal with them, in which case they will be able to debate this in this Legislative Council. It is very, very difficult to devise nine new functional constituencies, and I think that some of the inherent difficulties will be demonstrated to all those honorable members who read the White Paper and the account of our negotiations with our Chinese colleagues on this point.

[Reverend Fung Chi-woo, in Cantonese with simultaneous translation into English] [Passage omitted] Will the governor lobby the councillors to accept your proposals to make sure they will go through smoothly. What will you do?

[Patten] We will do what we did in the run-up to yesterday's debate. Argue our case with all that gentle eloquence for which members of the Hong Kong government are renowned. We do not have any of the instruments which are perhaps available elsewhere in other communities. We recognize that this council has to make decisions, and that this council has 60 independent-minded members who are not going to be pushed around by a government, and I hope are not going to be pushed around by anybody else in Hong Kong or outside Hong Kong. So we will argue our case, but if by lobbying you mean making threats, if by lobbying the honorable member means seeking, of course metaphorically, to break arms and legs, that is not our way. We put these proposals forward in good faith. We will argue the case for them and hope that they provide an acceptable basis for the electoral arrangements in Hong Kong. I have to say if I look back to yesterday, we were told at the beginning of the week that we would just scrape through with our bill yesterday. Well it proved to be, I am pleased to say, rather better than that. And I would like to add one point about it. I think it was an extremely important day for Hong Kong. I think it was an extremely important mature moment in Hong Kong's history. Nobody can wipe it out. Nobody can pretend it did not happen. Nobody can turn the clock back on what happened. Not just the particular decisions about electoral arrangements that were made, but the whole process: what was actually happening in this chamber. And happening with considerable maturity, with of course, a lot of polite vigor, but happening I am sure in the case of every honorable member, happening in a way in which honorable members hoped would secure the best interests of the people of Hong Kong. And it is entirely right that this Legislative Council should be involved in the process in the way it was yesterday.

[Mr. Howard Young] Mr. Governor, the gazetting and tabling of the 1992 version of the second-stage reforms is, as you described, without an agreement with China. However, on the other hand, British Government says that it is willing to continue negotiations. Although slim as they are the chances of such happening, has it gone

beyond the stage yet where, during the legislative process, should there be agreement reached in one form or another with China—not necessarily in negotiations, agreements can even be reached by diplomatic letters of exchange—if during that process has it gone beyond the stage where the government might even bring up amendments to what is being gazetted tomorrow to conform with any such agreement that could be reached before the legislative process has ended?

[Patten] I repeat, in a way, what I said earlier, that our door has never been closed, and will never be closed. And if, in the course of the next few months, we thought there was the chance of an agreed way forward with China, which was also acceptable and which secured the objectives which I think the community has, then we would of course have to present that to the council, even if it meant amending what was already being considered by the council. That is, I hope, an earnest of our sincerity. But again, I say, time does close in. It is not because we wish it were that way, it is part of the ineluctable movement of the calendar, and the elections that we have got, are, for reasons which the whole council knows are extremely complicated, and do involve complicated arrangements. But I repeat, it has never been our position that we declined to have talks.

[Christine Loh] Thank you, Mr. President. I welcome the release of the 17 rounds of talks by both the British and the Chinese Government. It will at least give the people of Hong Kong a change to protest against compromises made in their name. What I would like to ask is: Traditionally, the British Government's position has always been that these are diplomatic issues and they should be kept confidential, but now that since both governments are going to release the information, is that not really now a signal of the end of Sino-British negotiations over electoral reform. And also my second question is: If we were to pass these legislations—and I certainly hope that we will pass them before July—there is no opportunity really to ever return to discuss these issues with China, is that correct?

[Patten] Well, it is perfectly correct that we would not have taken this step, which as the honorable member says has already been taken by, in a way, by Chinese officials, if we thought there was a rosy prospect of keeping negotiations going. But I am an experienced enough politician never to say never. There may be a prospect down the road of reviving some sort of, within time, some sort of dialogue on electoral matters. The whole community, I am sure, hopes that's possible. At the same time, my reading of the community is that they would like to get this debate over and done with and out of the way, and get on with other matters. [passage omitted]

[Jimmy McGregor] Governor, it is my impression that the two proposals yet to come before us in the form of legislation are the two critical proposals in your packages of seven or eight proposals, which you started with. It is also my impression that one of these proposals may

undergo very considerable change in discussion in this council. If that proves to be the case, and remembering that the British Government has already compromised both of these proposals to some extent by entering into negotiations and modifying the proposals to become somewhat less democratic as far as we can make out, will you be able to accept, in good faith, the modification of at least one of these two major proposals, and the possible modification of the other to some extent, and accept that in good faith this council would reach that conclusion and that you will be able to bring legislation in to give effect to these changes which, this council in its wisdom, requests?

[Patten] [Passage omitted] We are not simply going to come down to the Legislative Council, put the bill on the table, and then scarp. That is not our intention, and it would not be honorable to behave in that way. But the Legislative Council has an important function. The Legislative Council has to consider legislation, and if necessary, the Legislative Council has the power to amend legislation. That is true today, and it will be true, according to the Basic Law, after 1997. So, if the Legislative Council changed the proposals which are put to them, then at the end of the day that is a reality which we have to accept. I would just add this one point. That I would be put in a difficult position, the government would be put in a difficult position, the British Government would be put in a difficult position, if the Legislative Council appeared to have agreed with arrangements which were not fair and which were not open and which did not seem to be acceptable to the community. But I don't think that is a remotely likely possibility, since I think the community's views are extremely well-represented in this council. Though, in good faith, if the Legislative Council changed the proposals, the government would accept them.

[Martin Barrow] Governor, you mentioned earlier other issues on the agenda for discussion with China. Could you comment on the government's strategy for discussing economic issues, such as the airport?

[Patten] Yes. Our strategy is to press as courteously and constructively for a dialogue on these matters as possible. There are discussions going on this week, as I think the council knows on the difficult but important issue of the future of defense lands. That has an economic aspect as well as other aspects as well. We would like to have the opportunity of discussing with Chinese officials, sooner rather than later, the proposals that we have put, the fourth set of proposals that we have put, on financing the airport. There are a lot of other proposals touching on Hong Kong's economic well being that we would like to carry forward. I was encouraged by what the Chinese prime minister said last December about Chinese officials being determined not to let any political argument affect the livelihood of Hong Kong and to continue to work for the interests of Hong Kong. So I hope that we can see a dialogue develop rather more constructively than perhaps as happened not just for the last 18 months, but for the last three years. In the meantime, we continue

with the support from time to time, when expenditure decisions are necessary, we continue to do what we believe is in the long-term interests of Hong Kong. That has been, so far I am pleased to say, a beneficial process. And the latest round of those benefits will be made public when the financial secretary announces his budget next week.

[Emily Lau] I want to ask the Governor a question about electoral arrangements which may be in breach of the Basic Law, because earlier this afternoon he kept talking about putting in place arrangements which are in line with the Basic Law. But of course, when we saw the foreign secretary last year, he said the importance is that they are in line with Britain's international obligations. As the Governor rightly pointed out just then, certain people, including myself, will be moving an amendment for 60 seats in the council to be directly elected in 1995, and that I guess the governor would say, is not in line with the provisions of the Basic Law. Mr. President, I want to ask the governor, what will he and the British Government do then? If it is blatantly in breach of the Basic Law, will the British administration move to block it or will you still say that it is line with the Joint Declaration, also in line with Britain's international obligations, so you would support it. Thank you.

[Patten] Well, I am of course an unqualified and unabashed admirer of the honorable lady's political and rhetorical talents. But I think I would like to see her majority before I answer the question. I know that the honorable lady has an unshakable and wholly honorable commitment to a totally democratic system in Hong Kong well before 2007, and preferably next week. I respect the honorable lady's courage in arguing for that and consistency in arguing for that. But I do not honestly think that the honorable lady is going to be.... [changes thought] she may prove me wrong, she has proved British politicians wrong on occasions in the past and asked difficult questions of British politicians. I do not think the honorable lady is likely to secure the outcome in the next few months which she understandably and honorably has said. If she does, I will answer the question.

[Emily Lau] The governor has not answered my question. My question is whether he will block it? If he blocks it, then it cannot even be introduced. If it is given a chance, maybe it will be defeated by my colleagues, maybe it will be carried. If it is not even allowed to be introduced, how can I prove to you?

[Patten] Nobody, I will keep my decibel count down, nobody is actually saying the honorable lady cannot introduce her argument and her ideas. It would be an extremely brave woman, an even braver man, who ever tried to stop the honorable lady developing a political argument. The political argument she has got is one which many people in this community and outside the community would regard as wholly reasonable. But I do not think that it is ever sensible to answer very hypothetical questions in the way that the honorable lady is

inviting me to. I answer sometimes partially hypothetical questions, but the more hypothetical they are, the less sensible I think it is to answer them. And just to add one point, I think that it is a strength of our proposals, the government's proposals, that they are not only in line with the Joint Declaration but also wholly in line with the Basic Law. And I think that it is a matter of strength as well, that despite the rain forests that have been cut down over the last year and a half to try to demonstrate that we have violated the Basic Law and the Joint Declaration, no evidence which convinces anybody has ever been adduced for that. I do not think that we would be in a stronger position if we had put forward proposals such as the honorable lady advances, which go against the Basic Law. What we are trying to do is build as broad a base of support in the community as possible. But somebody with my background could not help but admire the objectives which the honorable lady has set herself and for which she has argued with, as I said, such consistency and passion often to the embarrassment of politicians from Britain and elsewhere.

Spokesman Comments on Adoption of Electoral Package

OW2402122394 Beijing XINHUA Domestic Service in Chinese 1038 GMT 24 Feb 94

[By reporter Chen Yonghong (7115 3057 4767) and trainee Fan Zhigeng (2868 1807 5087)]

[Text] Beijing, 24 Feb (XINHUA)—At a news conference this afternoon, Foreign Ministry Spokesman Shen Guofang commented on the adoption by the Hong Kong Legislative Council [Legco] of the partial "electoral bill" submitted by Chris Patten and the unilateral decision by the British to make public the contents of the Sino-British talks. He said: The door to negotiation has been closed by the British. Responsibility for the disruption of cooperation between China and Britain on Hong Kong's political system rests entirely on the British.

A reporter asked: On 24 February, Legco passed the first-phase draft legislation on the 1994-95 election arrangements. The Hong Kong Government will next submit the second-phase draft legislation to Legco for discussion. What are your comments?

Shen Guofang said: Last December, before the Chinese and the British had reached any agreement on district board election arrangements, the British side submitted the first-phase draft of legislation to the Hong Kong Legislative Council, thus directly causing the termination of the talks between China and Britain. Now, disregarding repeated dissuasion by China, and the aspirations of every social level in Hong Kong for a settlement of the question of the 1994-1995 election arrangements through negotiation, the British side has had the first-phase draft legislation on the 1994-95 election arrangements passed by the Hong Kong Legco and has decided to submit the second-phase draft legislation to Legco for discussion. This fully shows that the British do

not have the sincerity to solve the question through cooperation with the Chinese, and are bent on moving further on this erroneous path.

Shen Guofang said: "The door to negotiation has been closed by the British. Responsibility for the disruption of cooperation between China and Britain on Hong Kong's political system rests entirely with the British. The Chinese side reiterates that, without an agreement between China and Britain, the framework of the three-tiered political system established through British Hong Kong authorities, legislation cannot last beyond 30 June 1997."

Another reporter asked: The British side today published a white paper which discloses the detailed contents of last year's Sino-British talks. What are your comments on this?

Shen Guofang said: An understanding not to disclose to the public the contents of the negotiations was reached between China and Britain before the talks began last year. Britain's unilateral publication of the contents constitutes a violation of the understanding reached between the two sides. The Chinese cannot but react in due course.

Asked about the comments of Australian Foreign Minister Evans who, in a recent television interview in Australia, expressed strong support for Chris Patten's political package, Shen Guofang said the current issue between China and Britain on Hong Kong was not whether the territory should have democracy, but whether a commitment was to be honored. There had been a series of agreements and understandings between the two countries on the evolution of Hong Kong's political system. But the British were now trying to repudiate them and have their own way. This was absolutely unacceptable to the Chinese.

He said: In the more than one hundred years of British rule there has been no democracy at all in Hong Kong. It is with ulterior motives that Britain is pushing Chris Patten's package in Hong Kong before it leaves. It is futile to defend the package.

Shen Guofang emphasized: The maintenance of Hong Kong's social stability and economic prosperity is not only in the interests of China and Britain, but also of those countries that have economic interests in Hong Kong. The question of Hong Kong is a matter between China and Britain before 30 June 1997, and from 1 July 1997, it will be purely an internal affair of China. It is inappropriate to make irresponsible remarks on Hong Kong political affairs.

XINHUA Reports Lawmakers' Opposition to Reform Bill

OW2402172594 Beijing XINHUA in English 1352
GMT 24 Feb 94

[Text] Hong Kong, February 24 (XINHUA)—Some Hong Kong legislators have lashed out at Governor

Chris Patten for sabotaging the Sino-British talks and felt uneasy about the adoption of the partial reform bill at the Legislative Council earlier this morning.

Veteran legislator Elsie Tu, who had tabled a motion to delay the partial reform bill in the hope that the Sino-British talks might resume, said that the adoption of the bill means a total breakdown of the Sino-British talks.

If the Sino-British talks remain stalled, Tu said, the years between now and 1997 will not be smooth for Hong Kong, because in a broken family there is inevitably a breakdown in communication and a lack of cooperation.

"And in a broken family it is the innocent children who suffer most. The innocent children in this case are the ordinary people of Hong Kong, the silent majority, who seek nothing more than to get on with their lives," she added.

Tu's adjourn motion was supported by 23 other legislators, who described Tu as "courageous," "responsible," "incurably optimistic" and with a "whole-hearted love for Hong Kong."

The Liberal Party headed by its leader Allen Lee supported the move on the grounds that a one-month deadline be stipulated. But some others disagreed with the view.

Philip Wong, who opposed the reform bill, told the Legislative Council that by tabling bill to the Legislative Council before any agreement is reached between the Governments of China and Britain, Chris Patten has placed the Legislative Council above the two sovereign states, indicating that the British side had no sincerity to cooperate with China. The reform bill would mislead local residents, he said.

Another legislator Lau Wong-fat criticized the Hong Kong authorities for tabling the reform bill without consultation with the Chinese side. "This action does not tally with the interests of Hong Kong," he said.

In fact, Lau added, the electoral arrangements, which are to last only two or three years, would undermine the basis for the Sino-British cooperation and cause confusion and instability in Hong Kong in the latter half of the transitional period.

Peggy Lam MBE [member of the Order of the British Empire] stated that the political reform bill proposed by Governor Patten in October 1992 has caused the relations between the Chinese mainland, Britain and Hong Kong to deteriorate and made local residents feel hopeless.

The Chinese side has time and again said that the arrangements on the 1994-95 election can be discussed so long as the British side shows its sincerity. But the Hong Kong Government unilaterally advanced a reform package in disregard of the Sino-British Joint Declaration and went on to submit it to the Legislative Council,

thus ditching the last chance for China and Britain to resume their talks, she said.

It is the Hong Kong authorities that have compelled the Chinese side to make its own preparations, she added.

More on Legislator's Remarks

OW2502013994 Beijing XINHUA Domestic Service in Chinese 1432 GMT 24 Feb 94

[Text] Hong Kong, 24 Feb (XINHUA)—Speaking in self-defense in the Legislative Council [Legco] this afternoon, Hong Kong Governor Chris Patten repeated his hackneyed remarks about his so-called "disbelief" that China would start a new kitchen in 1997, without recognizing the political model practiced unilaterally by the British Hong Kong authorities. Earlier, veteran British legislator Du Ye Xien [Elsie Tu] refuted this absurd argument in Legco, citing remarks made by the British foreign secretary two and a half years ago. [sentence as received]

In a motion filed with Legco requesting the postponement of a debate about Patten's plan, Du Ye Xien said: "Transferring sovereignty and implementing the Basic Law in Hong Kong in 1997 are a very solemn affair for China. China's establishment of the Preliminary Working Committee of the Preparatory Committee of the Hong Kong Special Administrative Region, as well as remarks about starting a so-called new kitchen, are all preparations for this major event."

She pointed out: "Of course, some people say that if the British Government's political model is established in 1995, the Chinese Government will not dare replace it in 1997. To those who believe this, I would like to quote British Foreign Secretary Hurd's remarks to the British House of Commons on 16 February 1990. It was only some 30 months between the time he made such remarks and the time he abruptly changed course to support Mr. Patten's political reform draft bill. The remarks went like this: 'People who believe that in 1997, the Chinese Government will accept all that we are currently doing are divorced from reality.' These remarks really came from Mr. Hurd."

After repeating the above remarks by Hurd, Du Ye Xien said: "Let us use Mr. Hurd's remarks for verification purposes. Are his current actions and the government he represents divorced from reality? Who in Hong Kong will be so naive as to think that China will allow this British model to continue after 1997? The Chinese Government has repeatedly said in unequivocal terms that this is a matter of national dignity."

Proposal Approval, Talks Publication Criticized

OW2402161194 Beijing XINHUA in English 1310 GMT 24 Feb 94

[Text] Hong Kong, February 24 (XINHUA)—Hong Kong Governor Chris Patten announced here this afternoon that his government is to gazette the remaining

part of the reform bill tomorrow and introduce it to the Legislative Council on March 9.

The announcement was made by Governor Patten in a speech delivered before the start of a debate on the Legislative Council this afternoon.

The move was followed by the approval of the first part of Patten's proposal for electoral reform at the Legislative Council early this morning.

Patten's government also published a White Paper which revealed contents of the 17 rounds of Sino-British talks on the arrangements for the 1994-95 election in Hong Kong in disregard of China's demand for publication through diplomatic channels. Some 200,000 English and Chinese copies of the white paper were distributed to the public here today.

The Chinese Government pointed out from the very beginning that the political reform bill proposed by Chris Patten in October 1992 violates the Sino-British Joint Declaration, the Basic Law of the future Special Administrative Region of Hong Kong and the understandings and agreements already reached between China and Britain.

However, the British Hong Kong authorities introduced parts of the bill to the Legislative Council on December 15, 1993. The move led to the termination of the Sino-British talks on the arrangements for the 1994-95 elections in Hong Kong.

The Chinese side stated on many occasions China will accept no bills passed by the Legislative Council before any agreement is reached between the Governments of China and Britain.

China also urged the British side to face the fact that without agreements with China, the three-tier councils, which serve as parts of the political structure of the British Hong Kong authorities, will be dismantled when the British rule over Hong Kong terminates on July 30, 1997. However, the British side has ignored all these advices from the Chinese side and clung obstinately on its own course.

The escalation of the Sino-British confrontation over the 1994-95 electoral arrangement in Hong Kong added some unfavorable elements to the already violent stock market, dragging the Hang Seng index, the key indicator of the local blue chips, down 331 points today with thin trading.

XINHUA Official Cited

OW2402192194 Beijing XINHUA Domestic Service in Chinese 1504 GMT 24 Feb 94

[By reporter Sun Chengbin (1327 2110 2430)]

[Text] Hong Kong, 24 Feb (XINHUA)—Zhang Junsheng, deputy director of XINHUA's Hong Kong branch, stated here this evening that Britain's unilateral move to

publicize the contents of the Sino-British negotiations is for the purpose of deceiving the Hong Kong people and misleading public opinion. He said that the publication fully shows that Britain has constantly not abided by its diplomatic accords, and that China certainly will respond accordingly.

Zhang Junsheng made the above statement when interviewed at a spring reception given by the social work department of XINHUA's Hong Kong branch.

Zhang Junsheng said: The Sino-British negotiations on Hong Kong's 1994-95 elections were conducted between representatives sent by the Chinese and British governments. Now the negotiations have broken down and Britain will publicize the contents of the negotiations. Although we are not against their publication, the contents of the negotiations should not be publicized until the two countries have held diplomatic consultations, because it was clearly stated beforehand that the contents of the negotiations are confidential. Without holding any diplomatic consultations, Britain has now taken a unilateral move to compile and publicize the so-called "white paper" in which it has said what it wanted to say for the purpose of deceiving the Hong Kong people and misleading public opinion. Is it not very clear that Britain has violated diplomatic norms? Is it not very clear that it has not abided by its diplomatic accords?

Zhang Junsheng said: The so-called Sino-British disputes that have continued for more than a year are caused by Britain's failure to abide by the Sino-British Joint Declaration, by its own promise that the development of Hong Kong's political system must converge with the Basic Law, and by the memorandum of understanding and accords reached between China and Britain. Now it has unilaterally publicized the contents of the 17 rounds of negotiations. Is it not very clear that Britain has not abided by its diplomatic accords?

Zhang Junsheng said: "We expected that China and Britain could cooperate very well on the issue of Hong Kong, but now Britain has seriously undermined the foundation of cooperation. Under such circumstances, Britain still acts as if nothing has happened. Is this not an act of deceiving others as well as itself?" Zhang Junsheng stressed time and again that Britain's unilateral move to publicize the contents of the negotiations is for the purpose of deceiving the Hong Kong people and misleading public opinion, and that China certainly will respond accordingly.

Further on Officials' Response

HK2502092894 Hong Kong TA KUNG PAO in Chinese
25 Feb 94 p 2

[Report: "Zhang Junsheng and Zhu Yucheng Stress That the White Paper Misleads Public Opinion"]

[Text] Zhang Junsheng, deputy director of the XINHUA Hong Kong Branch, criticized the British side for unilaterally publishing the British-compiled White Paper on

Representative Government in Hong Kong without Sino-British consultations and said this deceives the community and misleads public opinion. He said that the Chinese side will surely make a necessary response.

After attending a private activity yesterday (24 February), Zhang Junsheng said that the Sino-British talks on arrangements for the 1994-95 elections have been thoroughly ruined by the British side and the fact that the British side takes this action now moves it farther and farther away from the road of Sino-British cooperation.

As for cooperation between China and Britain in other areas such as livelihood-related questions and the airport issue, which Hong Kong Governor Chris Patten hopes for, Zhang Junsheng said: The foundation of Sino-British cooperation has been torn down by the British side. If the British side imagines that nothing has happened, it is, I am afraid, deceiving itself and others.

Zhu Yucheng, deputy director of the XINHUA Hong Kong Branch, said that the British side has violated the principle of confidentiality regarding the Sino-British talks by unilaterally publishing the contents of the talks without mutual consultations, and that the so-called White Paper published by the British side does not fully reflect the talks.

Before the opening of the large carnival "Joy at Kennedy at the End of the Spring Festival" in the western Hong Kong branch of the Democratic Alliance for the Betterment of Hong Kong in Western District last night (24 February), Zhu Yucheng made a response to the British side's publication of the White Paper on Representative Government in Hong Kong.

He said: What the British has published is precisely what it has admitted it to be; that is, it is not all the contents of the talks, but only part of the contents adapted and compiled by the British side. The contents are not all facts. The Chinese side will surely make a response.

He said: The Chinese side stated before that it was all right to publish all the contents of the talks and that the Chinese side would agree to the end on this question. The Chinese side will respond to the British side's impractical actions which are misleading public opinion.

Zhu Yucheng said: The British side notified XINHUA only yesterday morning that it would unilaterally publish the contents of the talks. It was very late.

He criticized the British side's termination of the talks in the 17th round while saying repeatedly that the door to the talks was still open. He said that this served to deceive the public and mislead public opinion.

As for the British argument that it did not consult the Chinese side before publishing the contents of the talks because it wanted to avoid wasting time, Zhu Yucheng said it was unrealistic. He maintained that there would have been time if the two sides had wanted to carry out talks.

Editorial: UK Taking 'Erroneous Road'

HK2502090394 Hong Kong TA KUNG PAO in Chinese
24 Feb 94 p 2

[Editorial: "British Side Has Gone Further on 'Three-Violation' Path"]

[Text] Hong Kong Governor Chris Patten's partial political reform bill was endorsed by the Legislative Council yesterday evening. The British Hong Kong authorities prepared to make public its version of the details of Sino-British talks on the political system today, and will subsequently table the remaining portion of Patten's political reform bill to the Legislative Council. This series of actions indicates that the British side has resolved to abandon the Sino-British cooperation and will stubbornly go further and further along the erroneous road of the "three violations."

The Legislative Council before 1997 is an organization set up by the British. In this council, there are official and appointed members designated by the British side, and there are also members of pro-British elements who have been fostered by it for a long time. Hence, it is without doubt that the political reform bill was approved by the Council. In spite of all this, Elsie Tu, chairman of the Council's Internal Affairs Committee, who has strived for democracy for Hong Kong outside the Council for many years, continued to express her views in a clear-cut stance and called on the Council to block the bill by laying bare the "constitutional package" put forward by the British side for the purpose of disrupting Sino-British cooperation rather than offering democracy to Hong Kong people.

In general, Hong Kong people do not want to see the dispute between China and Britain, and the Chinese side has always expressed its hope to avoid this political controversy and willingness to seek an agreement through talks. However, the British side unilaterally terminated the talks and took further actions to completely eliminate any possibility of resuming talks. Under these circumstances, the Chinese side has explicitly indicated that it will not recognize any decision unilaterally made by the British side on the three-tier structure for Hong Kong. Similar to other pertinent decisions made by the British Hong Kong authorities, the vote the Legislative Council made last night will automatically cease to be in force on 30 June 1997, along with the termination of British rule in Hong Kong. The result of the "marathon" debate before the voting last night will prove to be a very short-lived one.

After 1997, the structure of councils in Hong Kong will be reorganized in accordance with the relevant provisions of the Basic Law. Sir Percy Cradock, former British foreign affairs adviser to the prime minister, also pointed out: The British change of policies and the perverse acts of Patten will only lead Britain to a situation in which it is unable to put a word on the arrangements in Hong Kong after 1997.

The development of events has enabled Hong Kong people to see even more clearly that since Patten put forth his constitutional package, the British side has deviated from the Sino-British Joint Declaration and the Basic Law, abandoned the understandings already reached between the two countries, and acted willfully and unilaterally to make its own set of political arrangements for Hong Kong. The 17 rounds of talks which began last summer were only British tricks to disguise its disruption of Sino-British cooperation. According to the original agreement reached between China and Britain, the talks on the 1994-95 electoral arrangements for Hong Kong should be conducted on the basis of the "three conformities," but from beginning to end the British side stubbornly persisted in the "three violations." The course of the 17 rounds of talks is a precise reflection of the British side breaking faith, playing tricks, and repeatedly going back on its words. Releasing the process of talks and disclosing the actual facts will certainly help the Hong Kong people see clearly the true color of the inglorious colonial hard-liner. It is precisely because the Sino-British talks were consultations at the diplomatic level, which both sides agreed to keep secret before the talks began, and because some Hong Kong people still cherished the hope of resuming talks that the Chinese side has refrained from releasing the details of the talks. Now the British side wanted to be the first to publicize the contents of talks. The British Hong Kong authorities are not at all qualified to decide on the disclosure of Sino-British talks at the diplomatic level. This one-sided decision is another act of breaking promises. The hurried release of the British Hong Kong authorities' own version of negotiations was simply aimed at producing an effect of prejudicing people by preconceived ideas and at continuing to fool the masses and deceive the world. However, the facts are laid before us, and people understand very clearly whether the British side has clung to Patten's bill or has sincerely sought an agreement with the Chinese side, and who has taken action to close the door of negotiations. The British side is removing the cover of secrecy and will only expose its own ugliness.

The British side has obstinately taken the "three-violation" path to disrupt Sino-British cooperation and has infringed upon the interests of Hong Kong people. The failure of convergence before and after 1997 will certainly bring about an onslaught on the smooth transfer of state power. The size of the onslaught will hinge on how various preparatory tasks for the takeover are being conducted by the Chinese Government and the Hong Kong people. It is gratifying to see that the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region has accelerated its work, and personalities from various strata in Hong Kong are more concerned about various kinds of preparations to welcome the arrival of "one country, two systems" and "Hong Kong being ruled by Hong Kong people." By 1997 the political structure of three-tier councils set up by the British side will be dissolved and reorganized, the state power of "Hong Kong being ruled by the Hong Kong people" will

really be established under Chinese sovereignty, and the pro-British state power left over and arranged by the British side to foment splits and engage in independence or semi-independence will be overthrown. This is a serious political mission, and the Chinese people will conscientiously cope with it in this trial of strength. Just as Sir Percy Cradock pointed out: The difference in strength is significant. We are not strong but pretend to be otherwise.

Editorial Denounces Patten's 'Fraud'

HK2502073094 Hong Kong WEN WEI PO in Chinese
25 Feb 94 p A2

[Editorial: "A Sheer Fraud"]

[Text] Yesterday morning, the Legislative Council passed the partial constitutional package submitted to it by Governor Chris Patten. Patten also spoke personally to the Legislative Council yesterday afternoon in order to continue to cheat Hong Kong people. After that, the British Government and the British Hong Kong authorities flagrantly violated the principle of keeping the talks confidential and unilaterally published the White Paper "Representative Government in Hong Kong" to reveal the contents of the Sino-British talks, in which they deliberately distorted and covered up the fact that the British side, especially Chris Patten, undermined the Sino-British talks in an attempt to shirk the historical responsibilities that they should bear.

Chris Patten came to Hong Kong to take office as governor in 1992, and he brought with him a sinister intention. At home, he was discarded by a British constituency, and lost his opportunity to play tricks in British political circles. He thus accepted the appointment to the Hong Kong governorship. Before the British policymakers decided to send Patten to Hong Kong, they spied out the land and made their own judgment on the international situation and China's future prospects. The British press has revealed this many times. The reunification of Germany, the political changes in some East European countries, and the dissolution of the Soviet Union made the gentlemen in London feel that they might again hold high their colonialist banner, or at least play the game of election politics, which they thought that they were good at, in Hong Kong against China in order to create a political structure similar to that in Britain before 1997 by changing Hong Kong's existing system. They also planned to put an "elite" they had painstakingly fostered for their colony inside Hong Kong's political structure, thus turning Hong Kong into an independent or semi-independent political entity and prolonging de facto British rule in Hong Kong so that they might continue to gain political and economic interests from Hong Kong. They even had a very fantastic idea, being blinded by lust for gain, and thought that the Chinese Government would soon collapse and China would become divided, so they did not scruple to violate the Sino-British Joint Declaration and the seven

diplomatic letters exchanged by the two foreign ministers on the Hong Kong political structure, challenge the Basic Law that they hated to the very marrow of their bones, and set various obstacles to the future Hong Kong Special Administrative Region [SAR].

As soon as he took office in Hong Kong, Patten began to prepare for making major changes in Hong Kong's political structure according to the plan he had brought from London. His action was one taken by London as the spearhead of the new China policy. In order to change Hong Kong's existing system, Patten wantonly damaged the consultation mechanism specified by the Joint Declaration, and unilaterally dished out a so-called constitutional reform package, the impact of which he tried to make extend beyond 1997, without consulting the Chinese side. It was certain that the package would encounter the Chinese side's criticism and rejection. For the sake of Hong Kong's smooth transition, and also in order to observe the deeds of the British side while listening to its words and to give the British Government an opportunity to change course, the Chinese side agreed to hold talks with the British side on the 1994-95 election arrangements for Hong Kong. However, for the British side, the talks were just a fraud. They took the talks as a means of playing tricks, and tried by every possible means to achieve the purpose of putting Patten's package into practice. Therefore, they called for holding talks one day, and refused to talk another. On the one hand, they pretended to be willing to reach a compromise with the Chinese side; on the other hand, they actively made arrangements for forcing the Legislative Council to pass Patten's package and put it into practice while the talks were going on. In their plan, the talks only served the purpose of implementing Patten's package, so they were only willing to talk about what was favorable to the implementation of Patten's package, and refused to talk about what was not favorable to the implementation of Patten's package. This was exactly what they wanted to do in the talks. In the 17 rounds of talks, Patten did his utmost to deceive public opinion, and this was also a fact witnessed by all. Patten's show in the last two days was just the epilogue to the fraud, because their real features had been completely laid bare and they would not be able to deceive people any longer. In Hong Kong and overseas, Patten is now bogged down in an increasingly isolated position, just like the British cabinet led by John Major, which is now besieged on all sides.

The British side and Patten tried to describe the dispute between China and Britain as a difference over whether there should be democracy for Hong Kong or not. This was the point expressed by the white paper published by them yesterday. In fact, this was just an out-and-out lie. In reality, the dispute just reflected the sharp confrontation between the Chinese side's "three conformities" and the British side's "three violations" and the serious difference between the Chinese side's adherence to abiding by diplomatic agreements and the British side's behavior of ignoring its international commitments. To put it more clearly, this was the contradiction between

the Chinese side's determination to resume the exercise of sovereignty over Hong Kong and the British side's attempt to hinder and undermine the process of China's resuming the exercise of sovereignty over Hong Kong. No matter what blandishments the British side and Patten offered, and no matter how the authors of the British white paper engaged in phrase-mongering, the facts could never be obliterated. Of course, they would just be working to no avail if they tried to shirk the British side's responsibility for undermining the talks.

The biggest mistake Patten and his like have made is that they still think like their ancestors in the 19th century although they are living in last decade of the 20th century. They think that they are still facing the decadent Qing government and that the Western system and values must be imposed on Asia. Such conceit and such an arrogant attitude has been scathingly denounced by many leaders of Asian countries. Patten and his like absolutely have no right to talk about democracy and freedom in Hong Kong, because it is China's territory. The British colonial authorities will have to quit in just 40 months. The three-tier councils they are going to rig up in Hong Kong will certainly be disbanded and reorganized after they leave. Patten's fraud will bring no benefit to Britain. People who original / conceived illusions about Patten have also seen clearly that it is the British side that will eventually incur losses as it refuses to cooperate with the Chinese side. Yesterday, the Hong Kong and Macao Affairs Office of the State Council and a spokesman for the Foreign Ministry separately issued statements on the fact that Patten's constitutional package had been passed in part by the Legislative Council, and pointed out that the practice of the British side had tightly closed the door to the resumption of talks. The behavior of the British side has damaged the foundation for Sino-British cooperation, and will inevitably sour the atmosphere for the settlement of the new airport problems and other problems. As Patten and his like perversely stick to their course, they will certainly eat their own bitter fruit. People may wait and see if they do not believe this will come true.

Governor Gazettes Second Part of Reform Package

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[Text] Hong Kong, Feb 25 (AFP)—Hong Kong Governor Chris Patten on Friday published the second part of his controversial 1997 democratic reform package which will extend voting rights to about 2.7 million people in the territory. Ignoring China's vehement objections, he published the bill in the government gazette, less than 24 hours after the Legislative Council approved the first phase of his reform plans.

Publication immediately sent the local stock exchange plunging, with the Hang Seng index down nearly five percent at the opening, pushing it below the 10,000 point level for the first time in three months. It had already fallen 3.1 percent Thursday following the Legislative Council's approval of the first phase with investors worried by the worsening Sino-British relations. China told Britain Thursday that the door was now firmly closed on negotiations and said it would scrap whatever political system Britain put in place when it resumed sovereignty over Hong Kong in 1997.

The latest reform bill, which must be adopted by July, will dramatically extend the voting franchise so that all 2.7 million Hong Kong workers can elect people to 30 seats in the legislature reserved for special interest groups. "This will broaden the franchise for the commercial, industrial, finance and financial services, real estate and construction, tourism, social services, and labour functional constituencies," a government spokesman said. He said the bill would be introduced in the Legislative Council on March 9.

China has also expressed its anger over Britain's publication of a 36-page White Paper on why seven months of negotiations with China on Hong Kong's political future collapsed in November. Beijing has promised "due action" in return, but has not specified what this will be. In the White Paper—of which 200,000 copies are being distributed in Hong Kong—Britain alleged that China had refused to clarify whether it would retroactively apply a ban on legislators it considered were involved in "undermining the socialist system in the mainland."

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